

VCD 10/10/19

Class : SYABF Sem IV **ATBT** Sub: Management Accountancy

Marks: 75

Q.1. A) Match the following (Any 8)

(08)

	Column A		Column B
1.	Management accounting	a.	$\frac{\text{Net profit}}{\text{sales}} \times 100$
2.	Plant and Machinery	b.	Tangible Asset
3.	Working capital	c.	Intangible Asset
4.	Current Ratio	d.	Quick Asset/ Quick Liabilities
5.	Debentures	e.	Current Asset Less Current Liabilities
6.	Acid test ratio	f.	Useful in decision making
7.	Comparative statement	g.	Fictitious Asset
8.	Preliminary expenses	h.	Borrowed Fund
9.	Goodwill	i.	Gives the idea of progress
10.	Net profit Ratio	j.	$\frac{\text{Current Asset}}{\text{Current Liabilities}}$

Q.1. B) State Whether the following statement True or False (Any 7)

(07)

1. Net profit ratio is a measure of profitability
2. Own fund is external fund
3. Depreciation is a selling expense
4. In common size statement the capital employed is considered equal to 50%
5. While calculating Working capital Creditors are calculated on Selling price
6. Stock turnover ratio is measured in times.
7. Stock to working capital ratio = $\frac{\text{Working capital} \times 100}{\text{Stock}}$
8. Cash flow and Accounting profit are different.
9. A higher debt equity ratio is the safest financial position of the company
10. Current ratio shows the financial condition of the Company.

Q.2. Following is the summarized Balance Sheet and Revenue statement of BMW Ltd for the year ended 31st March, 2019:

(15)

Liabilities	Amount Rs.	Assets	Amount Rs.
Share Capital	80,000	Fixed Assets	75,000
Reserve and Surplus	20,000	Current Assets	1,00,000
10% Debentures	25,000		
Current Liabilities	50,000		

	1,75,000		1,75,000
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Revenue statement for the year ended 31st March, 2019:

Sales	2,00,000
Less: Cost of Sales	1,10,000
	90,000
Operating Expenses	60,000
Net Profit Before Tax	30,000
Tax	15,000
Profit After Tax	15,000
Dividend	8,000
Retained Earning	7,000

You are required to calculate the following ratios and comment on:

- (a) Current Ratio (b) Proprietary Ratio
(c) Capital Gearing Ratio (d) Gross Profit Ratio
(e) Operating Ratio (f) Return on Proprietors Equity Ratio
(g) Net Profit Ratio

OR

Q.2. Following is the balance sheet of Wills Ltd as on 31st March, 2019.

(15)

Liabilities	Rs.	Assets	Rs.
General Reserve	1,23,000	Cash	25,000
Bank Overdraft	52,000	Stock	85,000
10% Debentures	77,000	Plant and Machinery	2,10,000
14% Preference Share Capital	1,00,000	Prepaid Expenses	7,000
Equity Share Capital	2,50,000	Furniture and Fittings	1,05,000
Bills Payable	20,000	Goodwill	17,000
Profit and Loss A/c	1,30,000	Investments	59,000

Sundry Creditors	1,04,000	Bills Receivable	25,000
Income Received in Advance	10,000	Bank	38,000
Provision for Tax	25,000	Preliminary Expenses	20,000
Accumulated Depreciation		Land and Building	2,54,000
Land & Building	30,000	Debtors	1,10,000
Plant & Machinery	35,000	Discount on Shares	10,000
Furniture and Fitting	40,000	Patents	81,000
Securities Premium	50,000		
	10,46,000		10,46,000

You are required to prepare common size balance sheet (in vertical form)

Q.3. The Board of Directors of Alka Ltd require you to prepare a statement showing the working capital requirements forecast for a level of activity of 1,56,000 units of production. The following information is available for your calculation:

(15)

	(Rs. per unit)
Raw Materials	90
Direct Labour	40
Overheads	<u>75</u>
	205
Profit	<u>60</u>
Selling Price Per Unit	<u>265</u>

- Raw Materials are in stock on average one month.
- Materials are in process, on average two months.
- Finished goods are in stock, on average one month.
- Credit allowed by suppliers – one month.
- Time lag in payment from debtors – two months.
- Time lag in payment of wages – 1 ½ months.
- Lag in payment of overheads – one month.

20% of the output is sold against cash. Cash in hand and at Bank is expected to be Rs. 60,000. It is being assumed that production is carried on evenly throughout the year. Wages and overheads accrue similarly and a time period 4 weeks is equivalent to a month.

OR

Q.3. The summarised balance sheet of A. J. Ltd for the years ended 31st March, 2019 and 31st March, 2018 were as follows: (15)

Liabilities	As on 31.3.19	As on 31.3.18	Assets	As on 31.3.19	As on 31.3.18
Share Capital	500	500	Land & Buildings	200	180
General Reserve	220	200	Machinery	276	210
Profit & Loss A/c	32	40	Other Fixed Assets	45	30
Bank Loan (Term Loan)	100	-	Investment	50	50
Creditors	172	158	Stock	190	200
Provision for Taxation	30	45	Debtors	195	170
			Bank	98	103
	1,054	943		1,054	943

The following additional information is given to you:

- Dividend amount of Rs. 30,000 was paid during the year.
- Provision for tax made during the year was Rs. 12,000.
- Machinery with a book value of Rs. 15,000 was sold at a loss of Rs. 3,000.
- Investments costing Rs. 10,000 was sold for Rs. 12,000.
- Depreciation provided

Land and Building Rs. 5,000
Plant and Machinery Rs. 20,000

Prepare a Cash flow statement during the year ended 31st March, 2002.

Q.4. Rearrange the Balance Sheet in Vertical Form and calculate the trend percentage taking 2017 figures as 100 and briefly comment on the same. (15)

Balance Sheet as on 31st December

Liabilities	2017	2018	2019	Assets	2017	2018	2019
Share Capital	60	60	80	Building	50	60	55
Reserve	50	45	20	Goodwill	50	45	40
Surplus	13	32	31	Machinery	20	40	43
Debentures	10	20	20	Stock	05	15	25
Secured Loans	12	08	10	Debtors	20	14	15
Creditors	06	08	10	Cash	05	01	02
Bank Overdraft	01	02	08	Preliminary expenses	03	02	01

Other Liabilities	01	02	02				
	153	177	181		153	177	181

OR

Q.4. From the following Profit & Loss A/c of G Ltd for the years 2018 and 2019, you are required to prepare comparative statements and comment on the performance of company.
(15)

	2018	2019		2018	2019
To Opening Stock	1,60,000	2,40,000	By Sales	12,00,000	20,00,000
To Purchases	6,00,000	16,00,000	By Closing Stock	2,40,000	6,00,000
To Wages	2,00,000	3,20,000			
To Factory Exp.	1,60,000	2,00,000			
To Gross Profit c/d	3,20,000	2,40,000			
	14,40,000	26,00,000		14,40,000	26,00,000
To Salaries	20,000	24,000	By Gross Profit	3,20,000	2,40,000
To Rent & Rates	16,000	20,000	By Interest received	1,000	1,000
To Carriage Outward	24,000	20,000			
To Delivery Expenses	12,000	6,000			
To Advertisement Expenses	30,000	20,000			
To Interest on Loan	2,000	6,000			
To Loss on Sale of Asset	26,000	20,000			
To Provision for Taxation	76,000	56,000			

To Net Profit	1,15,000	69,000			
	3,21,000	2,41,000		3,21,000	2,41,000

- Q.5. A) What is Management accounting? Explain functions of management accounting? (08)
 B) Difference between Management accounting and Financial accounting? (07)

OR

Q.5. Write short notes on (Any 3)

1. Capital Gearing ratio
2. Working capital cycle
3. Advantage of Ratio analysis
4. Cash Flow
5. Current Assets

(15)

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