

Monday

1-KBAF. (75-25) (60-40)
Sub:- Management Accounting-I

2/1/2019

QP Code : 11354

(2 ½ Hours)

[Total Marks : 75

- N.B : (1) All questions are compulsory.
(2) Each question carry 15 marks.
(3) Working note should form part of your answer.

1. (a) Fill in the blanks. (any 8)

8

- (i) _____ budgeting refers to long-term decision in purchasing fixed assets.
- (ii) Non-quick current Liabilities = Total Current Liabilities - _____.
- (iii) Rate of gross profit = $\frac{\text{Sales}}{\text{Sales}} \times 100$
- (iv) _____ is a proportion between two figures.
- (v) Working capital is excess of Current Asset over _____.
- (vi) Internal Rate of Return is the discount rate at which Net Present Value is equal to _____.
- (vii) Payment of dividend is shown under cashflow from _____ activity.
- (viii) Discount on issue of shares shown in Balance sheet is a _____ asset.
- (ix) Legal matters pending in court is a _____ liability.
- (x) If Net Profit After Tax is ₹ 1,00,000 and tax rate is 20% than Net profit Before Tax is _____.

(b) Match the column (any 7)

7

- | | |
|--|---------------------------------|
| (i) Proprietary Ratio | (a) Intangible Fixed Asset |
| (ii) Stock | (b) Written Form |
| (iii) Profitability Ratio less than 1 | (c) Non-Quick Current Liability |
| (iv) Patents | (d) Accept the project |
| (v) Opening stock + Purchases
- Closing stock | (e) Non-Quick Current Asset |
| (vi) Standard Quick Ratio | (f) Reject the project |
| (vii) Bank overdraft | (g) Balance Sheet Ratio |
| (viii) Net Profit Ratio | (h) 1 : 1 |
| (ix) Descriptive Reports | (i) Cost of goods sold |
| (x) Net Present Value Positive | (j) Income statement Ratio |

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[TURN OVER

2. Complete the following Trading A/c of Arihant Ltd. for the year ended 31st March, 2014. 15

Dr. Trading A/c for the year ended 31.03.2014				Cr.	
Particulars	₹	Particulars		₹	
To Opening Stock	?	By Sales			
To wages	3,00,000	Cash ?			
To Carriage Inward	1,00,000	Credit ?		32,00,000	
To purchases	?	By goods destroyed		50,000	
To Gross Profit c/f	?	by fire			
		By Closing stock		?	
	?				

Other details :

- (1) Closing stock is ₹ 50,000 less than opening stock.
- (2) Debt collection period = 30 days
- (3) Gross profit Ratio 25%
- (4) Creditors ₹ 3,00,000 and Bills payable ₹ 2,00,000
- (5) Debtors ₹ 2,00,00
- (6) Creditors Turnover Ratio is 4 Times
- (7) Stock Turnover Ratio is 4.8 Times
- (8) Number of days in a year is 360 days
- (9) All purchases are on credit basis.

OR

2. The Current Ratio of a Company is 2 : 1. Current Asset is ₹ 60,000. Give the effect of following transaction on the current Ratio. (Treat each transaction separately). 15
- (a) Purchased goods worth ₹ 10,000 on credit.
 - (b) Paid to creditors ₹ 8,000.
 - (c) Purchased Machinery for ₹ 30,000.
 - (d) Received from customer ₹ 2,000.
 - (e) Sold furniture for ₹ 5,000.
3. Aryan Ltd. is considering to purchase a machine. Cost of the Machine is ₹ 10,00,000 15
Expected Net Profit After Tax is as follows :

Year	₹
1	6,00,000
2	3,00,000
3	2,00,000
4	3,00,000
5	5,00,000

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The Machine has a life span of 5 years and will be depreciated on straight line Basis.

- Calculate :— (1) Pay-back period
(2) Average Rate of Return (Based on original investment)

OR

3. Bentex Ltd. has an investment project costing ₹ 40,000. Following is the expected Net Profit before depreciation and taxes. 15

Year	1	2	3	4	5	6	7	8	9	10
₹	7,000	7,000	7,500	8,000	8,500	8,000	10,000	15,000	10,000	5,000
PV factor at 10% for ₹	0.909	0.826	0.751	0.683	0.621	0.564	0.513	0.467	0.424	0.386

Tax Rate is 20% and Depreciation method is on Straight Line Basis.

- Calculate :— (1) Net Present Value
(2) Profitability Index.

4. Following information is provided by Beetal Ltd. 15

Month (2014)	Sales(₹)	Purchases (₹)	Selling Expenses (₹)	Wages (₹)	Office Expenses (₹)
September	4,30,000	1,50,000	14,000	50,000	45,000
October	4,00,000	1,30,000	17,000	45,000	48,000
November	3,60,000	1,20,000	25,000	45,000	38,000
December	4,40,000	2,80,000	15,000	50,000	40,000

Other details :—

- (1) Lag in payment of wages, selling expenses and office expenses is one month.
- (2) Commission of 5% is paid on sales in the same month.
- (3) 90% sales are on cash basis.
- (4) Customers are given one month credit.
- (5) 70% purchases are on cash basis.
- (6) Suppliers give one month credit.
- (7) Dividend of ₹ 10,000 will be received in December, 2014.
- (8) Cash balance on 01.10.2014 is to be taken as ₹ 50,000.

Prepare Cash Budget for the period 1st Oct, 2014 to 31st December, 2014.

OR

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4. Prepare a cash budget of Sajan Ltd. for three months commencing from April 2015. 15
Following are the estimated details.

Month 2015	Sales (₹)	Purchases (₹)	Wages (₹)	Selling Expense (₹)
February	1,20,000	84,000	10,000	7,000
March	1,30,000	1,00,000	12,000	8,000
April	80,000	1,04,000	8,000	6,000
May	1,16,000	1,06,000	10,000	12,000
June	88,000	80,000	8,000	6,000

Other details :—

- (1) 20% of the sales are on cash basis.
- (2) Credit sales are realised equally in two subsequent month.
- (3) Purchase are paid in next month.
- (4) 25% of the wages are paid in the next month.
- (5) Selling expenses are paid after one month.
- (6) Rent of ₹ 1,000 per month is paid quarterly in advance which is due in April 2015.
- (7) Advance Income Tax ₹ 25,000 is payable on 15th June 2015.
- (8) Income on investment ₹ 5,000 is to be received in April 2015.
- (9) Cash balance as on 01.04.2015 is expected to be ₹ 1,00,000.

5. (a) Give the classification of Reports.
(b) Give the importance of Auditors Report.

OR

Write short notes on (any three)

- (a) Ratio Analysis
- (b) Cash budget
- (c) Cash flow statement
- (d) Directors Report
- (e) Pay-back period method.