

VCD - 16/10/2019

MANAGEMENT ACCOUNTING SYBCOM SEM -III MARKS -100

Q.1[A] Select the most appropriate answer (any ten)

[10]

1] Goodwill is an _____ asset.

- a] Fictitious
- b] Intangible
- c] Tangible
- d] Current

2] In common size Income statement Analysis _____ is assumed to be hundred.

- a] Gross sales
- b] Net profit
- c] Operating profit
- d] None of the above

3] Operating Cost Ratio is a _____

- a] Balance sheet Ratio
- b] Revenue statement Ratio
- c] Composite Ratio
- d] None of the above

4] Profit on sale of Fixed Assets is shown in vertical statement under _____

- a] Operating Incomes
- b] Operating Expenses
- c] Non-operating Incomes
- d] Non-operating Expenses

5] Standard acid test ratio is _____

- a] 2:1
- b] 1:1
- c] 1:2
- d] 3:1

6] Total cash outflow is ₹ 85,000 and present value of total cash inflow is ₹ 75,000. The net present value is _____

- a] ₹ 10,000
- b] ₹ (-) 10,000
- c] ₹ 2,000
- d] ₹ (-) 7,000

7] _____ provides information about financial position of the company.

- a] Revenue statement
- b] Cash flow statement
- c] Balance sheet
- d] None of the above

8] _____ are the techniques of Capital Budgeting.

- a] Payback period
- b] Accounting rate of return
- c] Net Present Value
- d] All of the above.

9] Current Assets are ₹ 1,80,000, Current Liabilities ₹ 90,000 . The amount of working capital is _____

- a] 1,80,000
- b] 90,000
- c] 2,70,000
- d] 1,00,000

10] Capital budgeting is the process of making investment decisions for _____

- a] Capital Expenditure
- b] Revenue Expenditure
- c] Deferred Revenue Expenditure
- d] None of the above

d) Equity Share capital

d] Stock

[10]

12] In preparing the estimate of Working Capital, Debtors cannot be valued at cost.

[10]

(2)

Q.1] From the following details of Bina Ltd. Prepare Common size Statement in vertical form for analysis. [10]

Balance sheet as on 31st, March, 2018

Liabilities	₹	Assets	₹
Equity share Capital	4,25,000	Fixed Assets	3,25,000
Reserve Fund	1,35,000	Investments	1,42,000
Creditors	70,000	Inventory	70,000
Provision for Tax	45,000	Debtors	80,000
		Cash	58,000
	6,75,000		6,75,000

OR

Q.2 Tata Ltd. Furnishes their position as on 31st December, 2015, 2016, 2017 as under : [20]

Liabilities	2015	2016	2017	Assets	2015	2016	2017
Equity share capital	3,00,000	3,00,000	4,00,000	Fixed Assets	3,00,000	3,00,000	4,00,000
Preference share capital	2,00,000	2,00,000	2,50,000	Investment	1,00,000	1,00,000	1,00,000
General Reserve	50,000	1,00,000	1,00,000	Debtors	1,00,000	1,50,000	2,00,000
Secured loan	1,00,000	1,00,000	50,000	Stock	1,00,000	1,50,000	1,00,000
Creditors	40,000	80,000	80,000	Cash	75,000	90,000	95,000
Bills payable	10,000	20,000	20,000	Preliminary Expenses	25,000	10,000	5,000
Total	7,00,000	8,00,000	9,00,000	Total	7,00,000	8,00,000	9,00,000

Prepare vertical Trend Balance sheet for analysis.

Q.3 A] Following is the Balance sheet of Sun Ltd. As at 31st March, 2018 [20]

Liabilities	₹	Assets	₹
Equity share Capital	1,00,000	Machinery	2,96,000
General Reserve	70,000	Investments	1,12,000
10% Preference share capital	1,80,000	Stock	1,01,000
15% Debenture	1,20,000	Bills Receivable	20,000
Creditors	1,22,000	Debtors	49,000
Bank overdraft	20,000	Cash at Bank	38,000
Provision for tax	18,000	Profit & Loss a/c	14,000
	6,30,000		6,30,000

Sales for the year ₹ 7,00,000; Gross profit rate -25% and opening stock is ₹- 1,09,000. Profit Before Tax for the year ending 31-03-2018 is ₹.2,10,000.

You are required to compute the following ratios

- | | | |
|-------------------------------------|--------------------------|-------------------------|
| 1] Current ratio | 2] Liquid Ratio | 3] Stock turnover Ratio |
| 4] Stock to working capital Ratio | 5] Capital Gearing ratio | 6] Proprietary ratio |
| 7] Return on Capital Employed Ratio | 8] Debt Equity Ratio | |

OR

(3)

Q.3 B] From the following information given by Queen Ltd. Prepare an estimate of working capital for the year ended 31st March, 2017

- 1] Estimated level of activity – 1,04,000 units for the year .[52 weeks]
- 2] Cost of Raw materials per unit - ₹. 5
- 3] Cost of Labour per unit -40% of raw materials
- 4] Cost of Overheads per unit – 50% of the Labour cost
- 5] Profit per unit is 200% of Overheads .
- 6] Stock of Raw materials – 4 weeks.
- 7] Processing period – 4 weeks.
- 8] Stock of Finished Goods – 4 weeks
- 9] Credit to the Debtors – 6 weeks.
- 10] Credit by the creditors – 4 weeks
- 11] Time lag in payment of wages – 4 weeks
- 12] Time lag in payment of Overheads -2 weeks
- 13] Cash and Bank balance required - ₹.40,000.
- 14] Debtors are calculated on sales Basis.
- 15] Purchase against cash- 20%
- 16] Margin of safety @10% .
- 17] All the activities are spread evenly throughout the year.

Q.4 [A] Naman Ltd. Is considering to purchase of a machine . Two machines LPX machine and GPX machine are available ,each costing ₹.5,00,000.

In comparing profitability of machines,a discounted rate of 10% is to be considered. [20]

Expected profits after tax and before depreciation are as follows:

Year	1	2	3	4	5
LPX machine profit	1,60,000	2,00,000	2,50,000	1,50,000	2,00,000
GPX machine profit	60,000	1,50,000	2,00,000	3,00,000	2,00,000

Indicate which machine would be more profitable under following methods :

- 1] Payback Period Method 2] Net present Value 3] Payback Profitability

The net present value of ₹. 1 @10% discounting factor is as follows :

Year	1	2	3	4	5
Present value factor	0.909	0.826	0.751	0.683	0.621

OR

Q.4 [B] The cost of machinery A is Rs. 10,00,000 and cost of Machinery B is Rs. 20,00,000. Depreciation has been applied on straight Line method with no salvage value. [20]

	Net profit After Depreciation and Tax of Machine A in Rs.	Net profit After Depreciation and Tax of Machine B in Rs.
	5,00,000	12,00,000
	6,00,000	12,00,000
	7,00,000	15,00,000
	8,00,000	16,00,000
	7,00,000	15,00,000

Using Average Rate of Return method analyse which machine should be accepted.

Using Payback period method which machine should be accepted.

Using payback profitability method which machine should be accepted.

Q.5 Answer the following

[20]

A] Difference between Management Accounting and Financial accounting

B] Explain Balance sheet Ratios.

OR

Q.5 Short Note [any Four]

[20]

A] Working Capital Cycle

B] Techniques of Capital budgeting

C] Revenue statement Ratios

D] Functions of Management accounting

E] Classification of assets.

F] Limitations of Ratio Analysis