

Q.1 A) Write Correct Answer (Any 10)

(10 Marks)

1. The functions of management accounting include _____

- a) Collection of Data b) Analysis of data
- c) Presentation of data d) All of the above

2. Payback period is the time required to _____

- a) recover the original investment b) depreciate Assets
- c) Pay the Creditors d) Recovery from debtors

3. Balance sheet is a statement of _____

- a) Assets and Liabilities b) working capital
- c) Operating Results d) None of the above

4. Margin of safety is provided to _____

- a) Cover possible variations in estimation
- b) Provide safety in management of working capital
- c) Ensure safety in estimation of working capital
- d) all of the above

5. Comparative statement shows _____

- a) one year's performance b) financial performance
- c) Comparative performance d) Profitability Performance

6. Net profit ratio indicates _____

- a) Status of assets and liabilities b) Profitability
- c) Trading efficiency d) Liquidity

7. Current ratio shows _____

- a) Short term financial positions b) collection efficiency
- c) Financial Stability d) Higher Profitability

8. Earlier year is to be considered as base year, the values of which are taken as 100 in _____

- a) Balance sheet b) Income statement
- c) Trend Analysis d) Comparative Statement

9. Working capital is the capital required to finance _____

- a) day to day operations b) Purchase of fixed assets

c) Settlement of long term liabilities d) None of the above

10. General reserve is created out of _____

- | | |
|----------------|----------------------|
| a) Profit | b) Income |
| c) Expenditure | d) Dividend received |

11. Long term decisions are called as _____

- | | |
|---------------------------|--------------------------------|
| a) Profit volume analysis | b) Working capital decisions |
| c) Future decisions | d) Capital Budgeting decisions |

12. Management Accounting relates to _____

- | | |
|------------------------------------|------------------------------|
| a) recording of accounting data | b) Recording of costing data |
| c) Presentation of accounting data | d) None of the above. |

B) Write True or False (Any 10)

(10 Marks)

1. Depreciation is a non-cash cost.
2. Focus of Management Accounting is on external reporting
3. Provision of contingency is added to net current assets to get working capital requirements.
4. Calls in arrears is call in advance
5. Analysis is a must for integration.
6. In comparative income statement capital employed is considered equal to 100
7. Stock turnover ratio indicates the speed of collection of debt
8. Patents and copyrights are intangible assets
9. Inadequate working capital increases efficiency of the management.
10. Trend is analyzed only for 1 year.
11. Publication of management accounting report is not compulsory.
12. Management Accountant should always be a Chartered Accountant.

Q.2 A. Following is the Balance Sheet of M/s ABC Ltd. as on 31st March 2022. (15 Marks)

Balance Sheet As On 31-03-2022

Liabilities	Rs.	Assets	Rs.
Equity Share Capital	2,00,000	Machinery	5,92,000
General Reserve	1,40,000	Investments	2,24,000
10% Preference Share Capital	3,60,000	Stock in Trade	2,02,000
15% Debentures	2,40,000	Bills Receivables	40,000
Trade Payables	2,44,000	Trade Receivables	98,000
Bank Overdraft	40,000	Cash and Bank	76,000
Provision for Tax	36,000	Profit and Loss	28,000
Total	12,60,000	Total	12,60,000

Sales for the year Rs. 14,00,000. Gross Profit Rate – 25% and Opening Stock is Rs. 2,18,000.

Profit Before Tax for the year ending 31st March 2022 is Rs.4,10,000.

You are required to compute the following Ratios:

1. Current ratio
2. Acid Test Ratio
3. Stock turnover Ratio
4. Capital Gearing Ratio
5. Proprietary Ratio
6. Debt Equity Ratio
7. Return on capital Employed
8. Stock to Working Capital Ratio

OR

Q.2 B. following are the Balances in the books of A Ltd., for the year ended 31st March 2022 (15 Marks)

Particulars	Rs.	Particulars	Rs.
10 % Preference share capital	10,00,000	Other Current Liabilities	1,00,000
Administrative Expenses	6,00,000	Other direct Expenses	2,40,000
Cash and Bank	50,000	Provision for Expenses	3,25,000
Marketable Investments	4,00,000	Raw Material consumed	39,00,000
Depreciation	3,50,000	Reserves and Surplus	3,50,000
Direct Labour	3,75,000	Sales	80,00,000
Equity share capital	15,00,000	Secured Term Loan	60,00,000
Fixed Assets	70,00,000	Selling Expenses	1,30,000
Income Tax	8,85,000	Trade Payables	16,75,000
Interest paid	7,20,000	Trade Receivables	18,50,000
Inventories	30,00,000	Unsecured Term loan	7,50,000
Long term investments	2,00,000		

You are required to prepare Vertical Statement for the Year Ended 31st March 2022 and Vertical Balance Sheet as on that date.

Q.3 A) following is the summary Balance sheet of Kajal Ltd as on 31st March 2022
(15 Marks)

Liabilities	Rs.	Assets	Rs.
Equity share capital	3,90,000	Cash in hand	15,000
10% Preference share Capital	2,00,000	Cash at Bank	90,000
9% Debenture	2,50,000	Preliminary Expenses	20,000
General Reserve	60,000	Goodwill	1,00,000
Capital Reserve	50,000	Building	3,00,000
11% Bank Loan	1,00,000	Investment (Long term)	2,00,000
Creditors	1,25,000	Furniture	2,50,000
Bank Overdraft	1,35,000	Plant & Machinery	3,00,000
Provision for Tax	1,40,000	Debtors	1,50,000
Outstanding Expenses	30,000	Prepaid expenses	50,000
Profit & Loss A/c	1,40,000	Stock	2,00,000
Depreciation Provision	80,000	Calls in arrears (equity)	10,000
		Commission on issue of shares	15,000
	17,00,000		17,00,000

Present the above Balance sheet in vertical form and show the following:

- | | | |
|--------------|---------------------|----------------------|
| 1. Net worth | 2. Borrowed Capital | 3. Capital Employed |
| 4. Net Block | 5. Working Capital | 6. Fictitious Assets |

OR

Q.3 B) The following information is presented by Data and Sons Ltd. for the year 2021-22. Prepare an estimate of Working Capital. (15 Marks)

Estimated Yearly Production = 30,000 units

Estimated Cost Sheet per unit:

Particulars	Rs.
Raw material	5
Wages	3
Overheads	2
Selling Price	12

Further Information

- The company extends two months credit to the customers.
- The company maintains one month's stock of raw materials.
- The company maintains two month's stock of finished goods.
- The processing period is half a month.
- The company is allowed one month's credit by suppliers
- Wages and Overheads are paid one month in arrears.
- The cash and bank balance is expected to be 8,125
- There is regular purchase, production and sales cycle.
- During the production process wages and overheads accrue evenly.
- Debtors are to be calculated on sale price basis.

Q.4 A) Narayan Ltd. presents you the following information:

(15 Marks)

Particulars	Rs.
Investment Required	60,000
Estimated life in years	5 years
Expected sales per year	80,000
Expenses per year:	
- Direct materials	32,000
- Direct Wages	10,000
- Overheads Cash	15,000
- Depreciation	12,000
- Income tax	30%

Note : Expected Rate of Return @ 10%

PV Table @ 10%

Year	0	1	2	3	4	5
PVF	1.00	0.909	0.826	0.751	0.683	0.621

You are required to calculate:

1. Pay back period
2. Profitability Index

OR

Q.4 B) Calculate the following ratios from the given information:

(15 Marks)

- a) Return on Investments
- b) Return on Equity Capital
- c) Return on Shareholder's fund
- d) Debtors Turnover
- e) Creditors Turnover
- f) Debtors Velocity
- g) Creditors Velocity

Particulars	Rs.
NPBIT	25,00,000
Equity share capital (Rs. 10 each)	50,00,000
15% preference share capital	20,00,000
Reserves	4,00,000
Expenses on issue of shares	1,00,000
14% debentures	65,00,000
Debtors	15,00,000
Creditors	6,00,000
Bills Payables	1,90,000
Bills Receivables	2,00,000
Tax Rate	15%
Sales (5% cash sales)	35,00,000
Purchases (10% cash purchases)	18,00,000

Q.5 A) From the following data provided by M/s. Alpha Ltd. estimate working capital requirements for the year ended 31st March, 2022. (15 Marks)

- Estimated activity/operations for the year 2,60,000 units (52 weeks)
- Raw material remains in stock for 2 weeks and production cycle takes 2 weeks
- Finished Goods remaining in stock for 2 weeks.
- 2 weeks credit is allowed by suppliers
- 4 weeks credit is allowed to Debtors.
- Time lag in payment of wages and overheads is 2 weeks each
- Cash & Bank Balance to be maintained Rs.25,000.
- Selling price per unit is Rs.15
- Analysis of cost per unit as follows: (1) Raw material 33%, % of sales. (2) Labour and overheads in the ratio of 6: 4 per unit. (3) Profit is at 5 per unit. Assume that operations are evenly spread throughout the year; Wages and Overheads accrue similarly. Manufacturing process required feeding of material fully at the beginning. Degree of work-in-progress is 50%. Debtors are to be estimated at selling price.

OR

Q.5 B) Mahad Engineering Co. is Considering purchase of a machine costing Rs. 5,00,000. Machine is expected to have five years of life with no scrap value. Company provides depreciation on Straight line method. Income tax rate is 30%. Expected Profit after depreciation but before tax and present value of Rs. 1 at 10% rate for the next five years is as follows : (15 Marks)

Year	PV of Rs.1	N.P. After Dep. But before Tax
1	0.909	1,20,000
2	0.826	1,60,000
3	0.751	2,00,000
4	0.683	2,40,000
5	0.621	2,80,000

You are required to calculate:

- Average Rate of Return on Average Investment
- Payback period
- Net Present Value

Q.6 Short Notes (Any 4)

(20 Marks)

1. Functions of a Management Accountants
2. Net Present Value
3. Combined Ratios
4. Gross Working capital
5. Current Liabilities and Quick Liabilities
6. Operating Expenses

OR

Q.6 Answer the following

(20 Marks)

1. Explain the Payback Period and Profitability Index Methods of Capital Budgeting
2. Distinguish between Financial Accounting and Management Accounting