

Date: 09.10.2019

Time: (3 Hours)

Total Marks: 100

- N.B.
- (1) All questions are compulsory.
 - (2) Working notes should form part of your answer.
 - (3) Proper presentation and neatness is essential.
 - (4) Use of simple calculator is allowed.
 - (5) Figures to the right indicate full marks.

- Q.1) A) Choose correct alternative in each of the following. (Any 10) (10)
- (i) The functions of Management Accounting include-----
 - (a) Collection of data
 - (b) Analysis of data
 - (c) Presentation of data
 - (d) All of the above
 - (ii) Balance Sheet is a statement of-----
 - (a) Assets and liabilities
 - (b) Working capital
 - (c) Operating results
 - (d) None of the above
 - (iii) Comparative Statement shows -----
 - (a) One year's performance
 - (b) Financial performance
 - (c) Comparative performance
 - (d) Profitability performance
 - (iv) Current Ratio shows-----
 - (a) Short term financial position
 - (b) Collection efficiency
 - (c) Financial stability
 - (d) Higher profitability
 - (v) 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
 - (vi) Long-term decisions are called as-----
 - (a) Profit volume analysis
 - (b) Working capital decisions
 - (c) Future decisions
 - (d) Capital budgeting decisions
 - (vii) Management Accounting relates to -----
 - (a) Recording of accounting data
 - (b) Recording of Costing data
 - (c) Presentation of accounting data
 - (d) None of the above
 - (viii) General reserve is created out of -----
 - (a) Profit
 - (b) Income
 - (c) Expenditure
 - (d) Dividend received

- (ix) Earliest 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
- (x) Net Profit ratio indicates -----
 (a) Status of assets and liabilities
 (b) Profitability
 (c) Trading efficiency
 (d) Liquidity
- (xi) 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
- (xii) Payback period is the time required to-----
 (a) Recover the original investment
 (b) Depreciated asset
 (c) Pay the creditors
 (d) Recovery from debtors
- B) State whether the following statements are True or False(Any 10) (10)
- (i) Depreciation is a non- cash cost
 (ii) Provision for contingency is added to net current assets to get working capital requirement
 (iii) Analysis is a must for Interpretation
 (iv) Current ratio is also known as working capital ratio
 (v) Patents & copyrights are intangible assets
 (vi) Publication of Management Accounting report is not compulsory
 (vii) Capital budgeting decisions are very easy to take
 (viii) Inadequate working capital increases efficiency of the management
 (ix) Stock turnover ratio indicates the speed of collection of Debt
 (x) In comparative income statement capital employed is considered equal to 100
 (xi) Calls in arrears is calls in advance
 (xii) Focus of Management Accounting is on external reporting

Q.2.

M/s C Limited
Balance Sheet as on 31st March 2019

(20)

Liabilities	Amount Rs.	Assets	Amount Rs.
Equity Share Capital	3,30,000	Debtors	68,000
5% Preference Share Capital	1,00,000	Bills Receivables	12,000
Reserves	68,000	Cash and Bank Balance	32,000

Profit And Loss Account	32,000	Stock	38,000
Creditors	48,000	Other Current Assets	68,000
5% Debentures	1,10,000	Preliminary Expenses	12,000
Reserves	68,000	Cash and Bank Balance	32,000
Provision For Income Tax(Current Year)	20,000	Fixed Assets	2,47,000
Bills Payable	32,000	Prepaid Expenses	5,000
Bank Overdraft	22,000		
Proposed Dividend	20,000		
	7,82,000		7,82,000

Other details of the company for the year 2018-19:

1. Sales Rs..7,00,000(70% on credit)
2. Credit purchases Rs..3,00,000
3. Net Profit Before Tax Rs..70,000
4. Dividend on Equity Shares Rs..25,000

Calculate :

- 1.Acid Test Ratio
- 2.Current Ratio
- 3.Stock Working Capital Ratio
- 4.Debtors Turnover Ratio
- 5.Capital Gearing Ratio
- 6.Dividend Payout Ratio
- 7.Proprietary Ratio

OR

Q.2 Following is the Trading and Profit And Loss Account of ABC Ltd. for the year ended 31st March 2018 (20)

Particulars	Rs.	Particulars	Rs.
To Opening Stock	54,300	By Sales	8,00,000
To Purchases	3,27,150	By Closing Stock	44,000
To Carriage Inward	8,550	By Interest on Investment	5,400
To Office & Administration Expenses	1,02,000		
To Selling & Distribution Expenses	27,000		
To Interest	8,000		
To Depreciation on Fixed Asset	4,000		
To Provision for Income Tax	16,000		

To Loss on Sale of Fixed Assets	2,400		
To Net Profit	3,00,000		
	8,49,400		8,49,400

Calculate the following ratios :

1. Gross Profit Ratio
2. Office & Administration Expenses Ratio
3. Selling & Distribution Expenses Ratio
4. Operating Expense Ratio
5. Operating Cost Ratio
6. Net Profit before Tax Ratio
7. Stock Turnover Ratio

- Q.3 XYZ Limited is considering the purchase of a machine. Two models Machine A and Machine B are available each costing Rs. 1,50,000 . Cash inflows are expected as follows: (20)

Year	Machine A Rs.	Machine B Rs.
1	45,000	15,000
2	60,000	45,000
3	75,000	60,000
4	45,000	90,000
5	60,000	60,000
6	70,000	80,000

Following are the present value factor @15%

Year	1	2	3	4	5	6
P.V.@15%	0.870	0.756	0.685	0.572	0.497	0.432

Indicate the selection of the machine by applying

- 1 .Payback period
- 2 .Net Present Value at 15% discount factor
- 3 .Profitability Index

OR

- Q.3 A limited is considering investment in a project requiring capital outlay of Rs. 6,00,000. Forecast for annual income after depreciation but before tax is as follows: (20)

Year	1	2	3	4	5
Rs.	3,00,000	3,00,000	2,40,000	2,40,000	1,20,000

Depreciation may be taken at 20% on original cost and tax rate at 50% of Net Income.

You are required to calculate.

1. Pay back period

2. Rate of Return on Original Investment
3. Rate of Return on Average Investment
4. Discounted Cash Flow Method taking cost of capital as 10%
5. Net Present Value Method
6. Discount factor 0.909, 0.826, 0.751, 0.683, 0.621

Q.4. M/s S Limited plans to produce 19,000 units during the year 2018-19 and to sell them for Rs. 150 per unit cost structure of the product is : (20)

Raw Material	60%
Labour	10%
Overheads	10%
	80%
Profit	20%
Selling price	100%

Further details are available for the year 2018-19

1. Raw material equivalent to 1 month supply to stored in the godown
2. Production process takes 1 month
3. Finished goods equal to 3 months production are carried in stock
4. Customers get credit of 2 month and suppliers allow credit of 2 months
5. Time lag in payment of wages and overheads is 1 month
6. 30% of Sales are made on cash basis and balance on credit
7. Cash and Bank Balance will be maintained at Rs. 20,000

OR

Q.4. You are required to prepare statement showing the requirement of working capital of S Ltd. Forecast level of activity is 52000 units for the year 2018-19 (52 weeks) (20)

Particulars	Cost Per Unit (Rs.)
Raw Materials	400
Direct Labour	150
Factory Overheads	150
Selling And Distribution Overheads	100
	800

Additional Information :

- a) Selling price Rs. 1,000 per unit
- b) Raw material in stock -average 4 weeks
- c) Credit allowed by suppliers- average 4 weeks
- d) Expected Cash Balance -Rs. 60,000
- e) Credit allowed to customers -average 8 weeks
- f) Work in progress- average 4 weeks
- g) Finished goods in stock -average 4 weeks
- h) All sales are on credit basis
- i) Debtors are to be valued at selling price
- j) All activities are evenly spread during the year

- Q.5. Answer the following.
- A Explain payback period and profitability index method of capital budgeting. (10)
- B Distinguish between financial accounting and Management Accounting (10)

OR

- Q.5. Attempt **any FOUR** of the following. (20)
- (i) Functions of Management Accountant
- (ii) Net Present Value
- (iii) Combined ratios
- (iv) Gross Working Capital
- (v) Current Liabilities and Quick Liabilities
- (vi) Operating expenses