

Financial accounting auditing Introduction to management accounting

[Time:03.00 Hrs]

[Marks:100]

Please check whether you have got the right question paper.

N.B:

1. All question are compulsory.
2. Figures to the right indicate full marks.
3. Students answering in the regional language should refer in case of doubt to the main text of the paper in English.

Q.1	A)	Match the column: (Any TEN)	(10)																										
		<table><tr><th>Group ‘A’</th><th>Group ‘B’</th></tr><tr><td>1. Management Accounting</td><td>Fixed Rate of interest</td></tr><tr><td>2. Trend analysis</td><td>Previous year as base year</td></tr><tr><td>3. Bank overdraft</td><td>Non Quick current Asset</td></tr><tr><td>4. Debentures</td><td>Used for Decision making</td></tr><tr><td>5. Gross working capital</td><td>Total Current Assets</td></tr><tr><td>6. Prepaid Expenses</td><td>Fictitious Assets</td></tr><tr><td>7. Securities Premium</td><td>Non Quick Current Liability</td></tr><tr><td>8. Payback period</td><td>Quick Ratio</td></tr><tr><td>9. Preliminary Expenses</td><td>Reserves</td></tr><tr><td>10. Test of Liquidity</td><td>Working capital</td></tr><tr><td>11. Scrape value under capitalbudgeting techniques</td><td>A Technique of Capital Budgeting</td></tr><tr><td>12. Current Assets Less CurrentLiability</td><td>Added to last year’s cashinflow</td></tr></table>	Group ‘A’	Group ‘B’	1. Management Accounting	Fixed Rate of interest	2. Trend analysis	Previous year as base year	3. Bank overdraft	Non Quick current Asset	4. Debentures	Used for Decision making	5. Gross working capital	Total Current Assets	6. Prepaid Expenses	Fictitious Assets	7. Securities Premium	Non Quick Current Liability	8. Payback period	Quick Ratio	9. Preliminary Expenses	Reserves	10. Test of Liquidity	Working capital	11. Scrape value under capitalbudgeting techniques	A Technique of Capital Budgeting	12. Current Assets Less CurrentLiability	Added to last year’s cashinflow	
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Q.1.	B)	State whether the following statements are True or False: (Any TEN) 1) Depreciation is a non-cash Cost Expenditure. 2) Provision for contingency is added to net current assets to get workingcapital requirement. 3) Analysis is a must for interpretation. 4) Current ratio is also known as working capital ratio. 5) Patents & copyrights are intangible assets. 6) Publication of Management Accounting Report is not compulsory. 7) Capital Budgeting decisions are very easy to take. 8) Inadequate working capital increases efficiency of the management. 9) Stock Turnover ratio indicates the speed of collection of debt. 10) In comparative income statement capital employed is considered equalto 100. 11) Calls in arrears in calls in advance. 12) Focus of Management Accounting is on external reporting.	(10)																										
Q.2		From the following Trading, Profit & Loss account of Air India Company Ltd. For the year ended 31st March 2020.	(20)																										

Q.2

Particulars	Rs.	Particulars	Rs.
To Opening stock	60,000	By Sales	10,00,000
To Purchase	1,40,000	By Closing Stock	1,00,000
To Carriage Inward	20,000		
To Office expenses	10,000		
To Sales expenses	20,000		
To Financial Expenses	10,000		
To Income Tax	10,000		
To Net Profit	8,30,000		
	11,00,000		11,00,000

Prepare Vertical profit and Loss statement and also calculate the following ratio :

a) Gross Profit Ratio

b) Office expenses ratio

c) Selling and Distribution Expenses Ratio

d) Operating Cost Ratio

e) Operating Expenses Ratio

f) Net profit after Tax Ratio

g) Stock Turnover Ratio

OR

Following is the Balance sheet of SATYUG Ltd. As on 31st March 2021.

Liabilities	Rs.	Assets	Rs.
Equity capital	3,00,000	Fixed Assets	2,50,000
Preference capital	50,000	Investment	50,000
General Reserves	10,000	Stock	70,000
Profit & Loss	40,000	Debtors	50,000
Provision for TaxSundry creditors	20,000	Cash	50,000
	50,000		
	4,70,000		4,70,000

Other Information : Prepare Vertical Balance sheet

1) Sales Rs. 6,00,000 (80% on credit sales)

2) Profit before Tax Rs. 50,000.

Calculate following Ratios :

a) Current Ratio

b) Capital Gearing Ratio

c) Debtors Turnover Ratio

d) Return on Capital employed

e) Stock working Capital Ratio

f) Net profit after Tax Ratio

Q.3

The cost of Plant is Rs. 4,00,000.

Years	Net Cash in flows Rs.
1	1,11,995
2	1,25,439
3	1,40,489

4	1,57,356
5	1,76,243

Round off each of the Present values to the nearest rupee.

Year	Discounting factor @ 12%
1	0.8929
2	0.7972
3	0.7118
4	0.6355
5	0.5674

Using Discounting factor @ 12% (upto 4 decimal places) calculate:

- 1) Discounted Payback Period
- 2) Net Present value
- 3) Profitability Index
- 4) Payback period

OR

Q.3.

The following information is available from the record of State Transport Ltd.

(20)

for the year ending on 31st March 2022.

Cost structure	Rate Per Unit (Rs.)
Raw materials	90
Direct Labour	40
Overheads	80
	210
Profit	30
Selling price	240

The following further information is as under :

- 1) Raw materials are in stock on average of two months.
- 2) Materials are in process for one month.
- 3) Finished Goods remain in stock on average for one month.
- 4) Time lag in payment of wages and overheads is half month.
- 5) Credit allowed to debtor is two months and credit allowed by supplier is one month. Debtors are estimated at selling price.
- 6) 20% of the output is sold against cash and balance on credit.
- 7) The Company keeps a cash balance of Rs.2,00,000.
- 8) Margin of safety required is 10%.
- 9) Units manufactured 1,50,000 for the year.

Prepare a statement showing the working capital requirement of State Transport Ltd. For the year ended 31st March 2022.

Q.4

Complete The Following Comparative Statement Of Mahadev Pvt. Ltd. By Ascertain The Missing figures and underline the missing figure ascertained.

Particulars	2020	2021	Absolute Increase/ Dec	Increase/ Decrease
Sales	6,00,000	?	+3,00,000	?
Cost of Goods Sold				
Opening Stock	?	60,000	+10,000	?
Purchases	4,00,000	?	+80,000	?
Closing Stock	?	?	?	?
Cost of Goods Sold	?	?	+97,500	+25%
Gross Profit	?	?	?	?
Operating Expenses :		?	?	+100%
(a) Administrative Expenses	40,000	72,000	?	?
(b) Financial Expenses	60,000	1,50,000	+1,00,000	+200%
(c) Selling Expenses Total	?	?	?	?
Operating Expenses	?	1,10,500	?	?
Net Profit Before Tax	60,000	?	?	?
Provision For Tax	?	?	+27,000	+75%
Net Profit after Tax	36,000			

OR

M/s Madhura Ltd Carrying Business furnishes their position as on 31st December, 2015,2016 & 2017 as under

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				Investment	1,00,000	1,00,000	1,00,000
Capital	2,00,000	2,00,000	2,50,000	Debtors	1,00,000	1,50,000	2,00,000
General Reserve	50,000	1,00,000	1,00,000	Stock	50,000	1,00,000	50,000
Secured Loan	1,00,000	1,00,000	50,000	Advance Paid	50,000	50,000	50,000
Sundry Creditors	40,000	80,000	80,000	Cash	50,000	50,000	50,000
Bills Payable	10,000	20,000	20,000	Bank	25,000	40,000	45,000
				Preliminary			
				Expenses	25,000	10,000	5,000
	7,00,000	8,00,000	9,00,000		7,00,000	8,00,000	9,00,000

Prepare vertical Trend Balance-sheet and offer your comments on net worth and working capital.

Q.5

A)

State the functions of management accounting.

(10)

B)

State the types of working capital.

(10)

		OR	
Q.5.		Write Short Notes : (Any FOUR) 1) Types of Information 2) Classification of Ratios 3) Factors affecting Working capital. 4) Accounting Rate of Return 5) Common size Statement 6) Trend Analysis	(20)