

SET IV
SYBCOM SEM III
Introduction to Management Accounting

DURATION : 3 HOURS

MARKS : 100

NOTE : - ALL QUESTIONS ARE COMPULSORY CARRYING 20 MARKS EACH.
USE OF SIMPLE CALCULATOR IS ALLOWED.

Q.1) Multiple choice questions (Any 10) and rewrite the sentence

10 Marks

1. _____ is a quick asset

a. Stock

b. Advance tax

c. Bill Receivable

d. Machinery

2. Operational information is required by _____

a. Middle Managers

b. Line managers

c. Top Managers

c. All workers

3. Internal analysis of financial statement is done by -----

a. potential investors

b. Managers

c. Creditors and Lenders

d. Government

4 Management accounting is also called -----

a. Managerial accounting

b. internal accounting

b. Analytical accounting

d. corporate accounting

5. Current ratio is Current Assets less _____

a. Loans

b. Reserves

c. Current Liabilities

d. Fixed Assets

6. Standard debt equity ratio is approximately -----

a. 2:1

b. 1:1

c. 65%

d. 1:33

7. Cash working capital include

a. Fixed asset – Depreciation

b. debtors at sale value

c. debtors at sale – profit margin

d. Creditors at purchase cost – profit margin.

8. Debentures are called as _____ funds.

a. Proprietary

b. Owed

c. Owned

d. None of these

9. Profitability Index is _____.

a. PV inflows / PV outflows

b. net income before tax

c. net income before depreciation but after tax

d. net income after tax and depreciation

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Q.2. b) From the following details of Alpine Ltd., prepare Common Size Statement in Vertical form suitable for analysis. (10)

M/s Alpine Ltd. Balances for the year ending on 31st March, 2023

Particulars	₹
Sales	9,50,000
Return Inward	25,000
Carriage Inward	5,000
Purchases	5,60,000
Opening Stock	15,000
Closing Stock	10,000
Office Expenses	95,000
Selling Expenses	1,00,000
Finance Expenses	28,000

OR

Q.2. From the following statements of Gigool Ltd., prepare the Trend Income Statement in vertical form suitable for analysis. (20)

Particulars	31-12-2020 ₹	31-12-2021 ₹	31-12-2022 ₹	31-12-2023 ₹
Sales	1,00,000	1,20,000	1,50,000	1,75,000
Less: Cost of Goods Sold	<u>60,000</u>	<u>75,000</u>	<u>95,000</u>	<u>1,10,000</u>
	40,000	45,000	55,000	65,000
Less: Operating Expenses				
Selling Expenses	8,000	7,500	9,200	10,000
Establishment Expenses	6,600	7,200	8,400	9,100
Interest on Loan	4,000	5,500	6,800	8,000
Depreciation	<u>6,400</u>	<u>6,800</u>	<u>7,600</u>	<u>8,900</u>
Profit Before Tax	15,000	18,000	23,000	29,000
Less: Provision for tax	<u>4,500</u>	<u>5,400</u>	<u>6,900</u>	<u>8,700</u>
Profit After Tax	10,500	12,600	16,100	20,300

Q.3 Following is Trading, Profit & Loss Account of AIM Ltd. for year ended 31st March, 2023: (20)

Particulars	₹	Particulars	₹
To Opening Stock	60,200	By Sales	8,10,000
To Purchases	3,30,100	By Closing Stock	45,000
To Carriage Inward	9,500	By Dividend Received	10,300
To Office Expenses	75,000		
To Sales Expenses	28,000		
To Administration Expenses	22,000		
To Interest	7,000		
To Depreciation on Plant & Machinery	2,500		
To Provision for Tax	14,000		
To Loss on Sale of Fixed Assets	3,200		
To Net Profit	3,13,800		
	8,55,400		8,65,300

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Calculate the following ratios:

- | | | |
|----------------------------|-------------------------|--|
| 1. Gross Profit Ratio | 2. Administrative Ratio | 3. Selling & Distribution Expenses Ratio |
| 4. Operating Expense Ratio | 5. Operating Cost Ratio | 6. Net Profit Ratio |

OR

Q.3. Following is the Balance Sheet of SRK Ltd., 31st March, 2023.

(20)

Liabilities	₹	Assets	₹
Equity Share Capital	8,00,000	Fixed Assets	9,50,000
9% Preference Share Capital	1,50,000	Investments	1,75,000
General Reserve	1,40,000	Stock	1,00,000
Profit & Loss Account	1,45,000	Debtors	2,70,000
10% Debentures	1,75,000	Cash	1,25,000
Provision for Tax (Current Year)	60,000		
Sundry Creditors	1,50,000		
	16,20,000		16,20,000

Other details for 2022-23;

- 1) Sales ₹ 12,50,000 (80% on credit sales) 2) Profit before tax ₹ 1,70,000

Calculate the following ratios;

- | | | |
|--------------------------------|-------------------------------|--------------------------------|
| a) Current Ratio | b) Capital Gearing Ratio | c) Debtors Turnover Ratio |
| d) Return on Proprietor's Fund | e) Return on Capital Employed | f) Stock Working Capital Ratio |

Q.4. Sejal Ltd., is considering the purchase of a machine. Two machines Appi and Coke are available. From the following details calculate; **(20)**

- 1) Pay Back Period 2) Net Present Value @10% discount factor.

Year	Cash inflow ₹		PV @10% (of ₹ 1)
	Machine-Appi	Machine-Coke	
1	12,000	18,000	0.909
2	18,000	27,000	0.826
3	25,000	33,000	0.751
4	28,000	40,000	0.683
5	35,000	50,000	0.621
6	45,000	46,000	0.564
7	38,000	35,000	0.513
8	25,000	25,000	0.467
Cost of Machine	₹ 35,000	₹ 38,000	
Scrap Value	₹ 1,500	₹ 2,000	

Also advise which machine will be selected applying the above methods.

OR

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Q.4. Patty Ltd., has the option of selecting Machine A or Machine B. calculate the annual rate of return on average investment from the following details and advise which machine should be selected.

(20)

Year	Net Earnings Before Tax ₹	
	Machine A	Machine B
1	1,10,000	1,08,000
2	1,40,000	1,20,000
3	1,50,000	1,60,000
4	1,80,000	2,20,000
5	2,10,000	2,40,000
6	2,40,000	2,85,000
7	2,10,000	2,20,000
Cost of the Machine	₹ 2,25,000	₹ 2,20,000
Scrap Value	₹ 8,000	₹ 12,000
Tax Rate	50%	50%

Q.5) A. Explain the advantages of management accounting

10 Marks

B. Explain various methods of capital budgeting

10 Marks

OR

Q.5) Write short notes on (Any 4)

20 Marks

1. Net present Value
2. Operating cycle
3. Capital budgeting process
4. Uses of comparative statement
5. Limitations of trend analysis
6. Gross working capital and net working capital
