

MANAGEMENT ACCOUNTING

Class- SYBAF.

Sem-IV

Time 2.30 Hours

Total Marks-75

- N.B. (1) All questions are compulsory subject to internal choice.
(2) Figures to the right indicate full marks .

Q1.(a) Fill in the blanks (Attempt any eight) (8)

1. Dividend received is a cash flow from _____ activity.
(1) Operating (2) Financial (3) Investment (4) None of these
2. Accounting standard No _____ deals with cash Flow Statement.
(1) 12 (2) 9 (3) 6 (4) 3
3. Lose due to fire is _____.
(1) Operating Loss (2) Non- operating income
(3) Non-operating expenses (4) None of the above
4. Generally, Quick liabilities mean 'All Current liabilities' excluding
(1) Outstanding expenses (2) Outstanding wages
(3) Bank overdraft (4) Bank time deposit
5. Direct Expenses are shown under
(1) Office Expenses (2) Cost of Goods Sold
(3) Selling Expenses (4) Finance Expenses
6. Ratio analysis indicates the _____.
(1) Financial health (2) Operational efficiency
(3) Future Prospects (4) All the above
7. Undistributed Profits are called as
(1) Dividends (2) Net profit
(3) Reserve and Surplus (4) Retained Earnings
8. One of the following is not liquid asset _____.
(1) Cash balance (2) Bank balance
(3) Stock (4) marketable investment
9. A very high current ratio will _____.
(1) Increase the profitability (2) Not affect has probability
(3) decrease the profitability (4) will increase tax liability
10. Standard acid test ratio is
(1) 2:1 (2) 3:1 (3) 1:1 (4) 4:1

Q1 (b) Match the following and rewrite (any seven) (7)

Column 'A'	Column 'B'
1. Bank overdraft	1. Intangible Fixed Asset
2. Loss on sale of Furniture	2. Non-Quick current Liability
3. Gross working capital	3. Total Current Assets
4. Financial Accounting	4. Financing Inflow
5. Quick Ratio	5. 1:1
6. Current Ratio	6. Non –Operating Item
7. Goodwill	7. Mandatory in case of Companies
8. Issue of Rights shares	8. Wasting Asset
	9. 2:1

Q2A. Following is the balance sheet of GAMA Ltd. As at 31st March, 2016. (15)

Liabilities	₹	Assets	₹
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	2,02,000
15% Debentures	2,40,000	Bill Receivable	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 Account	28,000
Total	12,60,000		12,60,000

Additional Information:

Sales for the year - ₹14,00,000; Gross Profit-25 % and Opening Stock is ₹2,18,000.

You are required to calculate the following ratios (after preparing vertical Balance Sheet :

i) Acid Test Ratio ii) Stock Turnover Ratio iii) Capital Gearing Ratio iv) Proprietary Ratio

OR

Q2.B) Calculate Trend percentage form the following information extracted from financial statement Of M/s. Pranita Ltd., after arranging in Vertical Form.

Particulars	2015 ₹	2016 ₹	2017 ₹
Assets:			
Fixed Assets	43,200	45,360	54,000
Investments	3,600	1,800	3,600
Current Assets	48,600	60,408	70,380
	95,400	1,07,568	1,27,980
Liabilities :			
Share Capital	52,000	61,200	73,800
Bank Loan	10,800	10,800	14,580
Current Liabilities	32,400	35,568	39,600
	95,400	1,07,568	1,27,980

Income statements for the year ended 31st March.....

Particulars	2015 ₹	2016 ₹	2017 ₹
Net Sales	40,000	44,000	48,000
Less : Cost of Sales	30,000	36,000	36,000
Gross Margin	10,000	8,000	12,000
Less: Operating Expenses	4,000	2,000	3,600
Operating Profit	6,000	6,000	8,400

Q3A). Following are the summary Balance Sheets of Young India Ltd.:**(15)**

Liabilities	2017 ₹	2016 ₹	Assets	2017 ₹	2016 ₹
Share Capital	7,00,000	6,00,000	Fixed Assets	6,50,000	4,00,000
General Reserve	2,00,000	1,50,000	Debtors	3,50,000	2,00,000
Profit & Loss A/c	2,80,000	1,70,000	Stock	2,50,000	1,50,000
14 % Debentures			Cash	1,30,000	1,00,000
Issued for Purchase of fixed Assets	2,00,000	NIL	Underwriting Commission	NIL	70,000
	<u>13,80,000</u>	<u>9,20,000</u>		<u>13,80,000</u>	<u>9,20,000</u>

Assuming the depreciation for the year to be ₹ 50,000 and interim dividend paid during the year to be 5% on opening capital, prepare Cash flow Statement.

OR

Q3b). Rose manufacturing Ltd. presents the following information for 2018-2019.

Estimated yearly production and sales =60,000 units

Estimated cost element p.u. Raw materials ₹ 5, Wages ₹3, Overheads ₹2, selling Price ₹ 12

Further Information:

1. The company extends 2 month credit to the debtors.
 2. The company maintains 2 month stock of raw materials.
 3. The company maintains 1 month stock of finished goods.
 4. The processing period is 1 month
 5. The company is allowed 3 months credit by the suppliers
 6. Wages and overheads are paid 1 month in arrears.
 7. The cash and bank balance is expected to be equal to ₹ 10,000.
 8. There is regular purchase, production and sales cycle
 9. During production, process wages and overheads accrue evenly.
- Prepare statement showing an estimate of working capital.

Q4A). Calculate the Trend percentage form the following information extracted form the financial statements of Shaurya Ltd. (15)

Particulars	2016 (₹)	2015 (₹)	2014 (₹)
Sales	16,400	13,640	9,880
Cost of Sales	14,970	12,490	8,810
Expenses	80	130	50
Interest Expenses	500	370	200
Tax	390	190	450
Fixed Assets (Net)	5,480	5,110	4,770
Working Capital	5,090	4,880	3,290
Investments	770	180	430
Net Worth	6,660	6,010	5,850
External Loans	4,680	4,160	2,640

OR

Q4B) .A Ltd. Manufactured and sold 30,000 machines in the year 2016 at 100 % capacity. Following information is available for the same year.

Materials ₹ 7,50,00,000 Labour ₹ 3,00,00,000
Sales ₹ 15,00,00,000 Gross Profit 20 % on Sales

Due to slow down in economy the company has decided to reduce its production to 50% of its capacity during the year 2017.

It is estimated that:

1. Price of Raw material will be reduced by 10 % per unit
 2. Wages will be reduced by 20 % per unit
 3. Overheads will be increased by 10 % per unit
 4. Selling price per unit to be estimated to maintain profit on sales at 20%
- Additional informations for the year 2017.

1. Raw material will remain in stock for one month
2. Finished goods will remain in warehouse for 2 months.
3. Customers (at selling price) will enjoy one month credit.
4. Suppliers will allow 2 months credit
5. Time lag in payment of wages and overheads will be 1 month.
6. Processing period one month
7. Cash and bank balance should be ₹30,00,000

You are required to forecast working capital required/ requirement for the year 2017.

Q5.A) Distinguish between Owners Fund and Owed Funds (8)

Q5.B) Distinguish between Financial Accounting and Management Accounting (7)

OR

Q5C). Write short notes on any three (15)

1. Liquidity Ratios
2. Operating Cycle
3. Cash Flow from Financing Activities
4. Balance Sheet Working Capital and Cash Working Capital
5. Importance of Management Accounting