

**Q.P. Code: 00002997**

**[Time: 3.00 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. Use of simple calculator is allowed.
  4. Working Notes should form part of main answer.

**Q.1 A** State whether the following statement is true or false [Attempt any **Ten**] **10**

1. Management accounting is analytical in nature.
2. Public deposit is an example of unsecured loan.
3. All quick liabilities are current liabilities.
4. Over trading means increase in activities without adequate funds.
5. The return on capital employed measures the overall efficiency of the business operations.
6. Prepaid expenses increase the amount of working capital.
7. If NPV is negative, the project should be accepted.
8. Goodwill will be shown under fictitious assets.
9. Management accounting does not assist in decision making.
10. Common size statements are used for vertical analysis only.
11. Closing stock of raw material is a liquid asset.
12. Capital budgeting is useful for long term decisions.

**Q.1 B** Choose the most appropriate alternative [Attempt any **Ten**] **10**

1. Which type of financial analysis expresses line items as a percentage of total revenue or total assets to standardize financial data for comparison purposes?
  - a) Comparative Analysis
  - b) Common Size Analysis
  - c) Trend Analysis
  - d) Ratio Analysis
2. Management accounting relates to \_\_\_\_\_.
  - a) Recording of accounting data
  - b) Recording of costing data
  - c) Presentation of accounting data
  - d) None of the above
3. Balance sheet is a \_\_\_\_\_.
  - a) Statement of assets and liabilities
  - b) Statement of operating results
  - c) Statement of working capital
  - d) None of the above
4. Short term investments are shown under which head in the vertical balance sheet?
  - a) Investment
  - b) Current Assets
  - c) Current Liabilities
  - d) Fictitious Assets
5. An expenditure from which no future benefit is expected is termed as \_\_\_\_\_.
  - a) Capital Expenditure
  - b) Revenue Expenditure
  - c) Deferred Revenue Expenditure
  - d) Miscellaneous Expenditure
6. The relationship between net operating profit and net sales is expressed in \_\_\_\_\_.
  - a) Percentage
  - b) Figures

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- c) Ratios  
7. Gross working capital is equal to \_\_\_\_\_  
a) Total Current Assets  
c) Total Assets  
8. \_\_\_\_\_ is not an example of non-operating item.  
a) Dividend received on investments  
c) Profit on sale of furniture  
9. If the PVCI is ₹ 10,000 and PVCO is ₹ 8,000. Profitability Index will be \_\_\_\_\_.  
a) 18,000  
c) 1.25  
10. Which of the following is not part of financial statement?  
a) Balance Sheet  
c) Cash Flow statement  
11. \_\_\_\_\_ is an example of revenue ratio.  
a. Debtors Turnover Ratio  
c. Stock Turnover Ratio  
12. Fixed assets are ₹ 8,00,000; Current assets are ₹ 5,00,000; Current liabilities are ₹ 2,00,000. There is no investment. The capital employed will be \_\_\_\_\_.  
a) 8,00,000  
c) 10,00,000
- d) Standard Deviation.  
b) Total Fixed assets  
d) Current Assets – Current Liabilities  
b) Loss on sale of Vans  
d) Depreciation on Machinery  
b) 2,000  
d) 8,00,00,000  
b) P & L A/c  
d) Auditors Report  
b) Creditors Turnover Ratio  
d) Assets Turnover Ratio  
b) 9,00,000  
d) 11,00,000

Q.2 A The following is the extract from the Revenue statement of Shankar Ltd.

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Particulars	31.03. 2022	31.03. 2023	Particulars	31.03. 2022	31.03. 2023
To Opening Stock	90,000	1,00,000	By Sales	4,00,000	6,00,000
To Purchases	2,00,000	2,40,000	By Closing Stock	50,000	40,000
To Wages	40,000	60,000	By Dividend received on Investment	20,000	18,000
To Printing and Stationery	8,000	6,000			
To Office rent	2,000	3,000			
To Selling expenses	3,000	4,000			
To Warehouse rent	5,000	7,000			
To Interest on Debentures	8,000	8,000			

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To Loss on sale of Van	-	2,000			
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Additional Information:

1. Income tax rate is 40%

You are required to prepare the comparative statement from the same suitable for analysis in vertical format.

**OR****Q.2 B** From the following information of Shammi Ltd.**20**

Particulars	31.03.2021	31.03.2022	31.03.2023
Share Capital	20,00,000	20,00,000	20,00,000
Reserves	18,00,000	22,00,000	25,00,000
Bonds	18,00,000	16,00,000	14,00,000
Debentures	14,00,000	14,00,000	7,00,000
Creditors	6,00,000	8,00,000	12,00,000
Bills payable	4,00,000	5,00,000	8,00,000
	80,00,000	85,00,000	86,00,000
Machinery	30,00,000	27,00,000	24,00,000
Furniture	20,00,000	16,00,000	12,00,000
Investments	4,00,000	4,00,000	4,00,000
Stock	15,00,000	20,00,000	21,00,000
Debtors	7,00,000	9,00,000	12,00,000
Cash	3,00,000	1,00,000	2,00,000
Bank	1,00,000	8,00,000	11,00,000
	80,00,000	85,00,000	86,00,000

Prepare the Trend Statement from the following information.

**Q.3 A**

The following is the Revenue Statement of Preeti Ltd.

**20**

Particulars	Amount (₹)	Amount (₹)
Sales		16,00,000
Less: Cost of goods sold		
Opening Stock	2,00,000	
Add: Purchases	6,00,000	
Less: Closing Stock	(1,00,000)	(7,00,000)
Gross profit		9,00,000
Less: Operating expenses		
Office and administration expenses	90,000	
Selling and distribution expenses	60,000	
Finance expenses	50,000	
Total operating expenses		(2,00,000)

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Net profit before tax	7,00,000
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Additional Information:

1. Tax Rate @ 30%

You are required to calculate:

- a. Gross Profit ratio;
- b. Stock turnover ratio;
- c. Operating ratio;
- d. Operating Profit Ratio; and
- e. Net Profit After Tax Ratio

**OR****Q.3 B**

Following is the Balance Sheet of Jeevika Ltd.

**20**

Liabilities	Amount (₹)	Assets	Amount (₹)
Equity Share Capital	12,00,000	Goodwill	1,00,000
13% Preference Share Capital	8,00,000	Land and Building	10,00,000
Reserve and Surplus	2,50,000	Plant And Machinery	5,00,000
10% Debenture	2,00,000	Patent Rights	2,00,000
9% Bank Loan	1,00,000	Investments	3,00,000
Sundry Creditors	1,20,000	Stock	1,50,000
Bank Overdraft	90,000	Cash	3,00,000
Provision for Tax	40,000	Bank	2,00,000
		Preliminary Expenses	50,000
	28,00,000		28,00,000

You are required to calculate:

- a. Current Ratio
- b. Quick Ratio
- c. Debt Equity Ratio
- d. Capital Gearing Ratio
- e. Stock to Working Capital Ratio

**Q.4 A** As a finance manager of Maze Solution Ltd., you are required to prepare a statement showing the working capital required to finance the level of activity of 24,000 units annually from the following information:

- 1) Raw materials are in stock on an average for 2 months.
- 2) Materials are in process on an average for 1 month.
- 3) Finished goods are in stock on an average for 1.5 month.
- 4) Credit allowed by the suppliers is 1.5 months of purchase of raw materials and credit allowed to customers is 2.5 months.
- 5) Lag in payment of wages and overheads is 1 month and 2 months respectively.
- 6) Cash and Bank balance is expected to be ₹ 1,00,000.

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7) Activities are spread evenly throughout the year.

Particulars	Cost per Unit (₹)
Raw Material	25
Wages	15
Overheads	10
Total Cost	50
Add: Profit	25
Selling Price	75

It is policy of the company to value Debtors on selling price and to provide for contingencies at 10% of Net Working Capital.

It is assumed that while calculating work in process is full in respect of material.

**OR**

**Q.4 B** The following is the information provided by the Max Ltd. with respect to project 'Space Sound' with an initial investment of ₹ 80,00,000 in beginning of year 1. The project will earn the following cash inflows at the end of each year.

Year	1	2	3	4	5	6
Cash Inflow	15,00,000	18,00,000	21,00,000	24,00,000	27,00,000	30,00,000

You are required to calculate the:

- Payback Period
- Net Present Value

Year	1	2	3	4	5	6
Discounting Factor @ 10%	0.909	0.826	0.751	0.683	0.621	0.564

**Q.5 A** Distinguish between management accounting and financial accounting.

**10**

**B** State the scope of management accounting.

**10****OR**

**Q.5 C** Short Notes (Attempt Any Four)

**20**

- Functions of Management Accounting
- Return on Capital Employed
- Types of working capital
- Capital budgeting process
- Objectives of financial statements
- Common Size Statement

\*\*\*\*\*END\*\*\*\*\*