

Duration: - 2 ½ Hours

E315100AMD

Marks :- 75

NOTE:

- All questions are compulsory.
- Figures to the right indicate full marks.
- All questions carry equal marks.

Q.1 Multiple Choice Questions:

(08M)

- Cash terms implies
 - Sale on Cash
 - Sale on Credit
 - Consignment
 - Cash Balance
- 5/10 Implies
 - 5 % Cash discount
 - Payment within 10 days
 - 5 % Cash discount allowed for payment within 10 days.
 - 5 Month 10 Days
- Gross working capital is equal to
 - gross fixed assets
 - gross current liabilities
 - gross current assets
 - none of the above
- Negative working capital is equal to
 - current assets less current liabilities
 - current assets less fixed assets
 - current liabilities less current assets
 - none of the above
- Performance for the year can be analyzed from
 - Balance sheet
 - Income statement
 - Common size statement.
 - Comparative statement
- Management Accountant has to
 - Control performance
 - Supervise performance
 - Co-ordinate performance
 - All of the above
- Management Accountant as a controller has to
 - Compile distribution cost
 - Compile production cost
 - Costing of inventory
 - All of the above
- Seasonal working capital is
 - Permanently required
 - Fluctuating in nature
 - Required to meet seasonal needs of the organization
 - Rainy Season

State whether following Statement are True or False :

(07M)

- Accounts receivable is a part of current assets.
- Cash Sales result in accounts receivable
- Manufacturing organization requires higher working capital.
- Trading organization requires less working capital.
- Net profit ratio is a measure of profitability.
- Capital employed is equal to fixed assets.
- Cash cost approach is the appropriate basis of estimation of working capital.

Q.2 Following is Financial Statements of Sun Ltd.

(15M)

Balance Sheet as on 31st December

Liabilities	(₹)	Assets	(₹)
Equity Share Capital	4,25,000	Fixed Assets	3,25,000
Reserve Fund	1,35,000	Investment	1,42,000
Creditors	46,000	Inventory	70,000
Proposed Dividend	24,000	Debtors	80,000
Tax Provision	45,000	Cash	58,000
	6,75,000		6,75,000

Profit and Loss Account for the year ended 31st December

Particulars	₹	Particulars	₹
To Opening Stock	4,00,000	By Sales	20,00,000
To Purchase	12,00,000	By Closing Stock	6,00,000
To Wages	2,50,000		
To Factory overheads	2,50,000		
To Gross Profit c/d	5,00,000		
	26,00,000		26,00,000
To Administrative Expenses	75,000	By G. P. b/d	5,00,000
To Selling & Distribution	50,000	By Dividend	30,000
To Depreciation	10,000		
To Interest on Debenture	20,000		
To Net Profit c/d	3,20,000		
	5,30,000		5,30,000
To preference Dividend	15,000	By Balance b/d	2,00,000
To Provision for Tax (2002)	1,05,000	By Net Profit b/d	3,20,000
To Surplus to Balance Sheet	4,00,000		
	5,20,000		5,20,000

Rearrange above into Common Size Statement for analysis.

OR

Q.2 A. Balance Sheet as on 31st March, 2021.

(8 M)

Liabilities	Top Ltd.	Ten Ltd.	Assets	Top Ltd.	Ten Ltd.
Equity Share Capital	1,20,000	3,50,000	Fixed Assets	2,45,000	4,10,000
10% Preference Share capital	1,00,000	50,000	Current Assets	2,90,500	3,32,800
Reserves	1,40,000	56,000	Preliminary		
15% Debentures	50,000	50,000	Expenses	10,000	6,000
Current Liabilities	1,35,500	2,42,800			
	5,45,500	7,48,800		5,45,500	7,48,800

Rearrange above into Comparative Size Statement for analysis.

Q.2 B Income Statement for Year Ended 31st December

(07M)

Expenses	2020	2021	Income	2020	2021
Cost of goods sold	6,00,000	7,50,000	Sales	8,00,000	10,00,000
Administration Expense	30,000	40,000			
Selling Expenses	20,000	20,000			
Net Profit	1,50,000	1,90,000			
	8,00,000	1,00,000		8,00,000	10,00,000

Rearrange above into Comparative Size Statement for analysis.

Q.3 Following is the Profit and Loss A/c and Balance Sheet of Adhiraj Ltd.:

(15 M)

Profit and Loss Account of Moon Enterprises Ltd. for the year ended 31-03-2021.

Particulars	Rs.	Particulars	Rs.
To Opening Stock	4,00,000	By Sales –Credit	18,00,000
To Purchases	9,80,000	-Cash	7,00,000
To Wages	2,90,000	By Closing Stock	6,00,000
To Factory Expenses	1,90,000	By Profit on sell of Asset	10,000
To Office Salaries	1,20,000	By Dividend received	1,000
To Administrative Expenses	1,30,000		
To Selling Expenses	1,12,500		
To Depreciation on Machinery	2,50,000		

To Provision for Tax	1,40,500		
To Loss By Fire	2,00,000		
To Net Profit	2,98,000		
Total	31,11,000	Total	31,11,000

The following is the Balance Sheet of a limited company on 31st March, 2021.

Liabilities	₹	Assets	₹
Share capital	2,00,000	Land & Building	1,40,000
Profit & Loss Account	30,000	Plant & Machinery	3,50,000
General Reserve	40,000	Stock-in-trade	2,00,000
12% Debentures	4,20,000	Sundry Debtors	1,00,000
Sundry Creditors	1,00,000	Bills Receivable	10,000
Bills payable	50,000	Cash at Bank	40,000
	8,40,000		8,40,000

Calculate the following ratios:

- (a) Acid Test Ratio. (b) Capital Gearing Ratio.
(c) Stock Turnover Ratio. (d) Debt Equity Ratio
(e) Gross Profit Ratio. (f) Net Profit Ratio.
(g) Stock Working Capital Ratio. (h) Operating Ratio.

OR

Q.3 Rearrange the Balance Sheet in vertical form and calculate the trend percentage (15 M)

Liabilities	2017	2018	2019	2020	Assets	2017	2018	2019	2020
Share Capital	60	60	80	80	Building	50	60	55	80
Reserves	50	45	20	20	Goodwill	50	45	40	40
Surplus	13	32	31	40	Machinery	20	40	43	50
Debentures	10	20	20	30	Stock	05	15	25	05
Secured Loans	12	08	10	03	Debtors	20	14	15	10
Creditors	06	08	10	03	Cash	05	01	02	15
Bank O/D	01	02	08	04	Preliminary Expenses	03	02	01	-
Other Liabilities	01	02	02	03					
	153	177	181	200		153	177	181	200

Q.4 Easter Ltd. gives you the following Balance - Sheets for the year ended 31st March, 2021 and 2022.

Prepare a Cash Flow Statement for the year ended 31st March, 2022

(15 M)

Liabilities	31-03-21	31-03-22	Assets	31-03-21	31-03-22
Equity share Capital	1,00,000	1,20,000	Land	2,00,000	2,70,000
5% Preference Share Capital	90,000	60,000	Building	1,50,000	2,70,000
General Reserve	30,000	42,030	Stock	25,000	36,000
Profit and Loss Account	40,000	28,080	Debtors	25,000	38,460
Provision for Tax	15,000	8,000	Prepaid Expenses	30,000	17,000
Creditors	225,000	3,81,990	Bank Balance	64,000	3,240
			Misc. Expenditure	6,000	5,400
	500,000	6,40,100		5,00,000	6,40,100

Other Information for the year ended 31st March, 2022:

- (1) The company has paid Interim dividend of 5% on Equity shares.
- (2) Preference shares were redeemed during the year at 10% premium.
- (3) Income Tax paid during the year ₹ 15,000

OR

Q.4 A In order to increase sales from the normal level of ₹ 3,00,000 per annum, the marketing manager submits a proposal for liberalizing credit policy as under:

(8 M)

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Accounting for Management Decisions

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Existing sales ₹ 3, 00,000
Existing credit period 30 days

Proposed credit period	Proposed sales
45 days	3,50,000
60 days	4,00,000
75 days	5,00,000

The P.V. ratio of the company is 40 per cent. The company expects a pre-tax return of 20% on investment. Evaluate the above alternatives and advice the management (assume 360 days a year).

Q.4 B The following information is presented by Alpha Ltd. for the year (7 M)

Estimated Yearly Production = 24,000 units.
Estimated Cost Sheet per unit

	(₹)
Raw Materials	4
Wages	3
Overheads	2
Selling Price	12

Further Information:

- (1) The company extends two months' credit to the customers.
- (2) The company maintains one month's stock of Raw Material.
- (3) The company maintains two month's stock of finished goods.
- (4) The processing period is half a month.
- (5) The company is allowed one month's credit by suppliers.
- (6) Wages and Overheads are paid one month in arrears.
- (7) The cash and bank balance is expected to be ₹ 5000.

Prepare as estimate of Working Capital.

- Q.5 A. Explain How Will you treat Provision for Depreciation In Cash Flow (8M)
B. Explain Five Functions of a Management Accountant. (7M)

OR

Q.5 Short Notes (any 3) (15M)

1. Disadvantages of working Capital
2. Types of Financial Analysis
3. Components of Financial Statement
4. Techniques of Management Accounting
5. Permanent Working/Capital

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