Duration: - 2 ½ Hours **E31510OAMD** **Marks :- 75**

NOTE:

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

Q.1 a) Multiple Choice Questions: **(08M)**

1. Financial Accounting deals with
   a) Determination of cost b) Determination of profit
   c) Determination of prices d) None of the above
2. Financial Accounting records only
   a) Actual figures b) Budgeted figures c) Standard figures d) All of the above
3. In common size income statement the basis is
   a) Total cost b) N.P c) G.P d) Sales
4. In common size vertical Balance sheet the basis is
   a) Capital employed b) Total assets c) Total liabilities d) Proprietor's fund
5. Net working capital is equal to
   a) current assets less fixed assets b) current liabilities less current assets
   c) current assets less current liabilities d) none of the above
6. Cash working capital is equal to
   a) cash & balance b) cash & bank balance plus stock
   c) liquid assets d) cash cost of working capital
7. Consignment refers to
   a) Supply of goods for sale b) Supply of goods on approval
   c) Supply of goods by sample d) None of the above.
8. 5 C's include
   a) Character b) Capacity
   c) Capital d) All of the above.

Q.1 b) State whether following Statement are True or False : **(07M)**

1. Management Accounting is future oriented.
2. Management Accounting provides decisions to the management.
3. Comparative income statement shows comparative performance of different years.
4. Common size income statement shows performance in terms of 100.
5. In general low turn over ratio is desirable.
6. Excess of sales over cost of goods sold is gross profit.
7. Cash cost approach is the appropriate basis of estimation of working capital.

Q.2 Following is Financial Statements of Moon Ltd. **(15M)**

Balance Sheet as on 31st December

Liabilities	2017	2018	Assets	2017	2018
Equity Share Capital	4,00,000	4,00,000	Land	1,00,000	1,00,000
9% Preference Share Capital	3,00,000	3,00,000	Building	3,00,000	2,70,000
General Reserves	2,00,000	2,45,000	Plant	3,00,000	2,70,000
17% Debentures	1,00,000	1,50,000	Furniture	1,00,000	1,40,000
Creditors	1,50,000	2,00,000	Stock	2,00,000	3,00,000
Bills payable	50,000	75,000	Debtors	2,00,000	3,00,000
Tax payable	1,00,000	1,50,000	Cash	1,00,000	1,40,000
	13,00,000	**15,20,000**		**13,00,000**	**15,20,000**

Profit and Loss Account for the year ended 31st December

Expenses	2017	2018	Income	2017	2018
To cost of goods sold	6,00,000	7,50,000	By Net Sales	8,00,000	10,00,000
To Operating Expenses:					
Administrative	30,000	40,000			
Selling	20,000	20,000			
To Net Profit	1,50,000	1,90,000			
	8,00,000	**10,00,000**		**8,00,000**	**10,00,000**

Rearrange above into Comparative Statement for analysis

OR

Q.2 A. India-Petro Ltd. presents their Balance Sheet with the request to convert it into a Common Size Statement in vertical form suitable for analytical purpose after incorporating the adjustment given there under: **(8 M)**

Balance Sheet as on 31st March, 2021

Liabilities	₹	Assets	₹
Share Capital	13,00,000	Fixed Assets	56,50,000
Reserves	22,25,000	Investments	2,25,000
Debentures	37,00,000	Inventories	12,00,000
Creditors	11,45,000	Debtors	12,05,000
Loan from Debtors	2,00,000	Cash and Bank	2,75,000
Provision for Tax	1,70,000	Loan and Advances	6,27,000
Reserve for Depreciation	5,00,000	Miscellaneous Expenses	58,000
	92,40,000		**92,40,000**

Q.2 B Prepare a Common Revenue Statement in Vertical Form from the following details **(7 M)**

Nilkamal Ltd. Profit and Loss A/c for the year ended 31st March

Particulars	2018	Particulars	2018
To Opening Stock	3,00,000	By Sales	60,00,000
To Purchases	32,10,000	By Closing Stock	3,60,000
To Interest on Debenture	1,50,000	By Dividend	39,000
To Depreciation:		By Profit - Sale of machinery	-
-Furniture	15,000		
-Machinery	30,000		
To Administrative Exp.	4,41,000		
To Selling Expenses	7,53,000		
To Carriage Outward	3,15,000		
To Loss by Fire	15,000		
To Wages	3,00,000		
To Provision for Tax	4,35,000		
To Net Profit	4,35,000		

Q.3 Following is the Profit and Loss A/c and Balance Sheet of Adhiraj Ltd.: **(15m)**

Profit and Loss A/c for the Year ended 31st December, 2021

Particulars	₹	Particulars	₹
To opening Stock	20,000	By Sales	4,50,000
To Purchases	2,00,000	By Closing Stock	80,000
To Wages	50,000		
To Factory Expenses	70,000		
To G.P. c/d	1,90,000		
	5,30,000		**5,30,000**
To Administrative Expenses	60,000	By Gross Profit b/d	1,90,000
To Selling Expenses	40,000	By Interest Received	5,000

To Interest on Loan	5,000		
To Debenture Interest	8,000		
To Net Profit	82,000		
	1,95,000		**1,95,000**
To Tax Provision	20,000	By Net Profit	82,000
To Proposed Dividend	20,000		
To Balance Profit	42,000		
	82,000		**82,000**

Balance Sheet as on 31st December, 2021

LIABILITIES	Amount	ASSETS	Amount
Equity Share Capital (Rs. 10)	2,00,000	Land and Building	1,75,000
9% Preference Share Capital	1,50,000	Machinery	1,50,000
8% Debenture	1,00,000	Furniture	1,00,000
Reserve	50,000	Goodwill	50,000
P & L A/c	30,000	Patents	50,000
Short Term Loan		Vehicles	1,40,000
(Repaid within one year)	1,00,000	Investment	50,000
Bank Overdraft	75,000	Stock	80,000
Sundry Creditors	1,40,000	Debtors	90,000
Bills Payable	30,000	Bills Receivable	30,000
Provision for Tax	20,000		
Proposed Divided	20,000		

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 Pass and Fail are partners of a firm carrying on business: (15)

Liabilities	31-12-17	31-12-18	31-12-19	Assets	31-12-17	31-12-8	31-12-19
Partners Capital	4,00,000	3,40,000	3,00,000	Fixed Assets	4,00,000	3,60,000	2,80,000
General Reserve	1,00,000	1,00,000	1,00,000	Current Assets			
Secured Loans	60,000	60,000	50,000	Stock	1,60,000	1,50,000	1,35,000
Unsecured Loan	1,60,000	1,80,000	1,40,000	Debtors	2,00,000	1,60,000	1,40,000
Creditors	1,60,000	90,000	45,000	Loans & Advances	1,00,000	80,000	60,000
				Cash & Bank			
				Balances	20,000	20,000	20,000
	8,80,000	**7,70,000**	**6,35,000**		**8,80,000**	**7,70,000**	**6,35,000**

ii) Summarised Income Statement for the year ended:

Particulars	31-12-17	31-12-18	31-12-19
Sales	40,00,000	36,00,000	30,00,000
Less: Cost of Sales	28,00,000	24,00,000	20,00,000
Gross Profit	12,00,000	12,00,000	10,00,000
Less: Expenses	8,00,000	8,00,000	7,00,000
Net Profit	4,00,000	4,00,000	3,00,000

Prepare a vertical Trend Analysis

Q.4 Telestar Ltd. gives you the following Balance - Sheets for the year ended 31st March, 2017 and 2018. Prepare a Cash Flow Statement for the year ended 31st March, 2017 (15 M)

SYBMS
(23)

Liabilities	31-03-17	31-03-18	Assets	31-03-17	31-03-18
Equity share Capital	1,20,000	1,20,000	Land	2,10,000	2,70,000
5% Preference Share Capital	90,000	60,000	Building	2,85,000	2,70,000
General Reserve	30,000	42,330	Stock	27,000	36,300
Profit and Loss Account	15,240	28,080	Debtors	40,440	38,460
Provision for Tax	17,000	8,000	Prepaid Expenses	25,880	17,000
Creditors	3,37,920	3,81,990	Bank Balance	15,840	3,240
			Misc. Expenditure	6,000	5,400
	6,10,160	**6,40,400**		**6,10,160**	**6,40,400**

Other Information for the year ended 31st March, 2017:

(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 ₹ 2,40,000 per annum, the marketing manager submits a proposal for liberalizing credit policy as under: **(8 M)**

Normal sales ₹ 2, 40,000 Normal credit period 30 days

Proposed increase in credit period beyond normal 30 days	Relevant increase over normal sales ₹
15 days	12,000
30 days	18,000
45 days	21,000

The P.V. ratio of the company is 33.33 per cent. The company expects a pre-tax return of 20% on investment. Evaluate the above four alternatives and advice the management (assume 360 days a year).

Q.4 B The following information is presented by Data and Sons Ltd. for the year **(7 M)**

Estimated Yearly Production = 30,000 units.
Estimated Cost Sheet per unit

Particulars	(₹)
Raw Materials	5
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 ₹ 8,125.
Prepare as estimate of Working Capital.

Q.5 A. Explain How Will you treat Interest & Dividend in Cash Flow (8 M)
B. Explain Contingent Liabilities (7 M)

OR

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

1. Advantages of working Capital
2. Optimum Policy
3. Objectives of Financial Statement
4. Techniques of Management Accounting
5. Deferred Revenue Expenditure

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