

Duration :- 3.00 Hrs

B723OFA19

Maximum Marks : 100

Note : 1) All questions are compulsory.

2) Each question carries equal marks.

Q.1.A. State whether the following statements are True or False :- (Any 10)

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1. Net working capital can never be negative.
2. The term net working capital refers to the liquid assets.
3. Investment in the shares of a subsidiary company is a short term investment.
4. Acid test ratio depicts liquidity position of the company.
5. Capital budgeting decision are long term investment decision.
6. Public deposit accepted by a company are a part of shareholders fund.
7. Owned funds is an internal source of finance.
8. Selling overheads are included in the valuation of finished goods.
9. In trend analysis statements latest year is taken as base year.

Operating Expense

10. Operating Ratio =  $\frac{\text{Operating Expense}}{\text{Profit}}$

11. Owed funds is an internal source of finance.

12. In a vertical balance sheet, fictitious assets are included under fixed assets.

Q.1.B. Match the following columns :- (Any 10)

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COLUMN A

COLUMN B

- |                                   |                              |
|-----------------------------------|------------------------------|
| 1. Financial Statement            | a) Non quick assets.         |
| 2. Stock to working capital ratio | b) Direction of Data         |
| 3. Prepaid Expenses               | c) Borrowed fund             |
| 4. Trend analysis                 | d) Financial Position        |
| 5. Long term liabilities          | e) Balance Sheet Ratio       |
| 6. Liberal Dividend Policy        | f) Total current assets      |
| 7. Gross working capital          | g) Dividend payout ratio     |
| 8. Current Ratio                  | h) Percentage of Difference  |
| 9. Trend statements               | i) More risk                 |
| 10. Leverage Ratio                | j) Degree of Debt. Financing |
| 11. Comparative Statement         | k) Short term solvency       |
| 12. More working capital          | l) Horizontal analysis       |

Q.2. Calculate trend percentage of ZN Ltd. For 3 years ended on 31<sup>st</sup> December every year

Particulars	2015	2016	2017
Equity share capital	2,00,000	5,20,000	5,80,000
Preference share capital	4,00,000	2,00,000	2,00,000
Debtors	60,000	65,000	70,000
Creditors	40,000	45,000	50,000
Cash & Bank Balance	10,000	18,000	16,000
Bills Payable	50,000	60,000	55,000
Provision for Income Tax	20,000	20,000	20,000
Stocks	50,000	60,000	80,000
Other Current Assets	40,000	40,000	40,000
Long term Investments	1,10,000	1,00,000	1,00,000
Reserves & Surplus	65,000	75,000	85,000
Debentures	2,00,000	2,00,000	3,00,000
Fixed Assets	?	?	?

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OR

**Q.2. Complete the following comparative statement of Mahesh Ltd.**

	2016	2017	Absolute Increase / Decrease	Increase / Decrease
Sales	6,00,000	?	+3,00,000	?
<b>Cost of goods sold</b>				
Opening Stock	?	60,000	+10,000	?
Purchases	4,00,000	?	+80,000	?
Closing Stock	?	?	?	?
Cost of goods sold	?	?	+97,500	+25%
Gross Profit	?	?	?	?
<b>(-) Operating expenses</b>				
a. Office expenses	40,000	?	?	+100%
b. Finance expenses	60,000	72,000	?	?
c. Selling expenses	?	1,50,000	+1,00,000	+200%
Total Operating expenses	?	?	?	?
Net Profit Before tax	60,000	1,10,500	?	?
Tax	?	?	?	?
Net Profit – After Tax	36,000	?	+27,000	+75%

**Q.3. The summarized final accounts of two companies are as follows :-  
Balance Sheet**

Liabilities	X Ltd.	Y Ltd.	Assets	X Ltd.	Y Ltd.
Share Capital	88,000	88,000	Fixed Assets	1,21,000	96,800
Reserves	42,900	35,200	Current Assets	1,25,400	1,03,400
8% Debentures	22,000	22,000	Less :- Current Liabilities	93,500	55,000
	<b>1,52,900</b>	<b>1,45,000</b>		<b>1,52,900</b>	<b>1,45,200</b>

**Revenue Statement for the year**

	X Ltd.	Y Ltd.
Sales	3,30,000	2,64,000
(-) Cost of Sales	2,37,600	1,98,000
Gross Profit	92,400	66,000
(-) Operating Expense	63,800	44,000
Net Profit Before Tax	28,600	22,000
(-) Tax	12,100	9,240
Net Profit After Tax	16,500	12,760
(-) Dividend Paid	8,800	6,600
Retained Earning	7,700	6,160

**Calculate the following ratios :-**

1. Gross profit ratio
2. Operating ratio
3. Proprietary ratio
4. Capital gearing ration
5. Expenses ratio
6. Net profit ratio
7. Returned on capital employed
8. Debt-equity ration

(20 M)

**OR**

**Q.3. Prepare vertical Financial statements & calculate**

- a) Current ratio
- b) Debtors turnover ratio
- c) Quick ratio
- d) Stock – working capital ratio
- e) Capital gearing ratio

Particulars	Rs.
Equity share capital (Rs. 10 each)	2,00,000
6% preference share capital	1,00,000
8% Debentures	1,50,000
Debtors	18,000
Creditors	15,000
Cash Balance	20,000
Bills Receivable	12,000

Bank Overdraft	8,000
Reserve & Surplus	43,000
Closing Stock	32,500
Provision for Tax	45,000

Other Information :-

Sales Rs. 10,00,000; cost of sales Rs.7,50,000 ; Net Profit before tax Rs. 1,00,000 **20M**

**Q.4.A. The cost of Machinery A is Rs.10,00,000 & cost of Machinery B is Rs.20,00,000 Calculate ARR.**

Year	NPAT of Machinery A	NPAT of Machinery B
1	5,00,000	12,00,000
2	6,00,000	12,00,000
3	7,00,000	15,00,000
4	8,00,000	16,00,000
5	7,00,000	15,00,000

(10M)

**Q.4.B. Prepare an estimate of the working capital**

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Production	:	30,000 Units
Selling price per unit:	Rs.10	
Raw Material	:	60% of Selling Price
Wages	:	1/6 <sup>th</sup> of Raw Material
Overheads	:	Twice the direct wages
Material in Land	:	2 Months
Production Time	:	1 Month
Finished Goods	:	3 Month
Creditors	:	2 Month
Debtors	:	3 Month
Cash Balance	:	Rs. 40,000

**OR**

**Q.4.A. A Firm has an investment opportunity costing Rs.50,000 with the following cash flows :-**

Year	1	2	3	4	5	6	7	8
Cash Inflow	8,000	9,000	10,000	13,000	12,000	10,000	8,000	2,000

The cost of capital @ 10%. Calculate NPV & PI

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**Q.4.B. Prepare a statement showing the requirement of working capital. The level of activity 52,000 units in a year.**

	Cost Per unit
Raw Material	400
Labour	150
Overheads	<u>300</u>
	850

**Information :-**

1. Selling Price – Rs.1000 per unit
2. Raw material in Stock – 4 Weeks
3. Work in progress – 4 Weeks
4. Debtors – 8 Weeks
5. Creditors – 4 Weeks
6. Cash Balance – Rs.50,000

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**Q.5. A. Explain the techniques of capital budgeting.**

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**B. Explain the Nature & Scope, functions of Management Accounting**

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**OR**

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

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1. Quick Assets
2. Types of Assets
3. Distinguish between Own fund & Owed funds
4. Factors determining working capital
5. Gross Working Capital.