

Duration :- 3 Hours

B21510OFAA

Total Marks: 100

- Note: (1) All questions are compulsory.  
(2) Figures to the right indicate full marks.  
(3) Working should form part of your answer.  
(4) Simple calculator is allowed.

**Q.1 (a) : Select the most appropriate answer form the following : (any 10) (10)**

1. The Management function that requires managers to look ahead and establish objectives is \_\_\_\_\_  
(i) Controlling (ii) directing (iii) planning (iv) constraining
2. Strategic information is required by \_\_\_\_\_  
(i) Middle managers (ii) Line managers (iii) Top managers (iv) All workers
3. Following is not a Quick assets \_\_\_\_\_  
(i) Loose Tools (ii) Advance Tax (iii) Bills Receivable (iv) Interest Accrued
4. In common size balance sheet analysis, the \_\_\_\_\_ are taken as cent percent.  
(i) fixed assets (ii) total capital (iii) total assets (iv) total liabilities
5. Standard Current Ratio \_\_\_\_\_  
(i) 2:1 (ii) 1:1 (iii) 65% (iv) 1.33
6. Liquid Ratio is \_\_\_\_\_  
(i) Balance sheet ratio (ii) Revenue Statement Ratio (iii) Composite Ratio (iv) Cash flow ratio
7. The total Current Assets without deducting the Current Liabilities \_\_\_\_\_  
(i) Gross working Capital (ii) Net Working Capital  
(iii) Permanent Working Capital (iv) Temporary Working Capital
8. Which of the following is not an item of Current Liabilities \_\_\_\_\_  
(i) Sundry Creditors (ii) Advance from Customers (iii) Debentures (iv) Hire purchase dues
9. Shortage of Working Capital may result in \_\_\_\_\_  
(i) poor credit standing (ii) more cash discount  
(iii) more trade discount (iv) more trade discount
10. Capital Budgeting is the process of making investment decisions for \_\_\_\_\_  
(i) Capital expenditure (ii) revenue expenditure  
(iii) deferred revenue expenditure (iv) cannot be defined
11. A sound capital decision will \_\_\_\_\_ of a company.  
(i) decrease the profit (ii) increase sales  
(iii) increase overall growth (iv) increase capital
12. The number of years taken by a project to recover the initial investment is called \_\_\_\_\_  
(i) Payback period (ii) Investment period (iii) profit period (iv) ARR

**Q.1 (b) : State whether the following sentences are True or False : (any 10) (10)**

1. Unclaimed Dividend is contingent liability.
2. Acid test ratio depicts the liquidity position of the company.
3. Advance paid is an item of non-quick assets.

4. Financial statements of a company prepared at the end of the financial year provide information only to the owners of the business.
5. Capital Budgeting decisions are long term investment decisions.
6. Temporary Working Capital does not remain constant.
7. Cash flow and Accounting profit are different.
8. Revenue statement indicated the operating performance of a company.
9. In trend analysis, the trend of each item is calculated on the basis of sales of the base year.
10. Owner fund and borrowed fund are two constituents of total funds of the company.
11. The General Reserve is created out of Profit.
12. Patents and Copyrights are Intangible Assets.

Q2(a) From the following details of A Ltd. prepare a Common Size Income Statement in Vertical Form. (7)

Particulars	Amount
Net Sales	?
Less: Cost of Sales	?
<b>Gross Profit ( 25% on Sales)</b>	<u>4,00,000</u>
Less: Operating Expenses	?
<b>Operating profit</b>	<u>10,000</u>
Add: No-Operating Income	?
Less: Non- Operating Expenses	40,000
<b>Net profit Before Tax</b>	<u>80,000</u>
Less: Tax (50%) on profit before Tax	?
<b>Net Profit After Tax</b>	<u>?</u>

Q2(b) From the following prepare a Comparative Balance sheet of C Ltd. in a vertical form.(8)

Particular	Amount t	Amount t	Particular	Amount t	Amount t
Share Capital	1,43,500	1,20,000	Fixed Assets	1,05,000	88,500
Bank Loan	28,000	21,000	Investment	24,000	18,000
Current Liabilities	<u>76,000</u>	<u>69,000</u>	Current Assets	<u>1,18,500</u>	<u>1,03,500</u>
	<u>2,47,500</u>	<u>2,10,000</u>		<u>2,47,500</u>	<u>2,10,000</u>

OR

Q2) Prepare a Comparative Income Statement from the following:

**Profit and Loss Account of M/S Abhishek ltd. for the year ended 31<sup>st</sup> March 2022** (15)

Particular	Amount	Amount	Particular	Amount	Amount
To opening stock	44,000	40,000	By Sales	1,90,000	2,00,000
To Purchases	84,000	72,000	By Closing Stock	46,000	44,000
To Wages	40,000	36,000	By Interest Received	20,000	
To Factory Expenses	32,000	28,000			
To Establishment Expenses	8,000	6,000			
To management Expenses	2,000	2,000			
To Selling Expenses	6,000	10,000			
To Interest	6,000	8,000			
To Loss on Sale of Assets	2,000	2,000			
To provision for Taxation	22,000	24,000			
To Net profit	<u>10,000</u>	<u>16,000</u>			
	<u>2,56,000</u>	<u>2,44,000</u>		<u>2,56,000</u>	<u>2,44,000</u>



--	--	--	--	--	--

Q3) Following is the Balance Sheet of Roshan Ltd.

(15)

**Balance Sheet as on 31<sup>st</sup> March, 2017**

Particular	Amount	Particular	Amount
Equity Share Capital	1,00,000	Cash in Hand	2,000
6% Debenture Share Capital	1,00,000	Cash at bank	10,000
7% Debentures	40,000	Bills Receivable	30,000
8% Public Deposit	20,000	Debtors	70,000
Bank Overdraft	40,000	Stock	40,000
Creditors	60,000	Advances	20,000
Unpaid Dividend	10,000	Furniture	30,000
Reserve	7,000	Machinery	1,00,000
Provision for Tax	1,50,000	Land & Building	2,20,000
Profit & Loss Account	20,000	Goodwill	30,000
	20,000	Preliminary Expenses	10,000
		Calls in Arrears in Equity Shares	5,000
	<u>5,67,000</u>		<u>5,67,000</u>

Convert the above balance Sheet in Vertical form and calculate :

- 1) Current Ratio 2) Quick Ratio 3) proprietary Ratio 4) Capital Gearing Ratio

OR

Q3) From the following Profit and Loss Account of Moon Enterprises for the year ended 31-03-2017. (15)

Particulars	Amount	Particulars	Amount
To Opening Stock	4,00,000	By Sales	
To Purchases	9,80,000	- Credit 18,00,000	
To Wages	2,90,000	- Cash <u>7,00,000</u>	25,00,000
To Factory Expenses	1,90,000	By Closing Stock	6,00,000
To Office Salaries	1,20,000	By Sale of Scrap	10,000
To General Expenses	1,30,000	By Dividend Received	1,000
To Selling Expenses	1,12,500		
To Depreciation	2,50,000		
To Provision for Tax	1,40,500		
To Trf. To General Reserve	2,00,000		
To Net Profit	<u>2,98,000</u>		
	<u>31,11,000</u>		<u>31,11,000</u>

You are required to Prepare Revenue Statement in Vertical form and compute the following ratios:

- 1) Gross Profit Ratio 2) Stock Turnover Ratio  
3) Administrative Expenses Ratio 4) Net profit before tax Ratio

Q4) From the following estimates and information relating to Nirmal Products Private Ltd. Calculate working capital requirement for the year 2020-21. (15)

- Expected level of production and sales of the year: 1,80,000 units.
- Cost per unit- Raw materials Rs. 9, Direct labour Rs. 4 and Overheads Rs. 4, and Overheads Rs. 6.
- Selling price per unit Rs. 22
- Raw material in stock on an average for 30 days.
- Materials are in process on an average for 30 days.
- Finished goods in stock on an average for 30 days.
- Credit allowed by suppliers is 30 days.
- Time lag in payment from customers is 60 days.
- Time lag in payment of labour is 15 days.
- Time lag in payment of overheads is 30 days.

11. All the sales are on credit except 10% sales which are on cash basis.
12. Cash and Bank balance is expected to be Rs. 67,000.
13. The production and sales are evenly spread throughout the year.
14. Labour and Overheads accrue evenly during the processing period.
15. Company works for 360 days during an accounting year.
16. Estimate debtors on cost basis.

OR

**Q4) from the following information given by M/s. Q & Co. Pvt. Ltd., prepare an estimate of Working Capital for the year ended 31<sup>st</sup> march 2017. (15)**

1. Estimated level of activity-104000 units for the year 52 weeks
2. Cost of Raw Material per unit-5
3. Cost of Labour per unit -40% of Raw materials
4. Cost of Overheads per unit-50% of the Labour cost
5. Profit per unit is 200% of overheads.
6. Stock of Raw materials -4 weeks
7. Processing period -4 weeks
8. Stock of Raw materials -4 weeks
9. Processing period -4 weeks
10. Stock of Finished Goods-4 weeks
11. Credit to the Debtors-6 weeks
12. Credit by the Creditors-4 weeks
13. Time lag in payment of Wages -4 weeks
14. Time lag in payment of overhead-2 weeks
15. Cash and Bank Balance required -40000
16. Debtors are calculated on Sales basis
17. Purchases against cash -20%
18. All the activities are spread evenly throughout the year
19. During processing, Labour and Overhead accrue evenly.

**Q5) F Ltd is considering the purchase of the machine. Two models ,Model A and Model B are available each costing 1,50,000. (15)**

Cash Inflows are expected as follows :

Year	Model A (Rs.)	Model B (Rs.)
1	45000	15000
2	60000	45000
3	75000	60000
4	45000	90000
5	60000	60000
6	40000	50000
7	30000	30000

With the discount factor of 12% the present value of 1 is as follows:

Year	1	2	3	4	5	6	7
Present Value	0.893	0.797	0.712	0.636	0.567	0.507	0.452

**Indicate the selection of the machine by applying:**

- 1) Payback period
- 2) Net Present Value at 12% discount factor
- 3) Profitability Index

OR

(4)

Q5) The cost of machinery is Rs. 2,00,000

(15)

Year	Net cash flow in (Rs.)
1	1,11,000
2	1,25,000
3	1,40,000
4	1,57,000
5	1,76,000

Year	1	2	3	4	5
Discounted Factor @ 12%	.89.29	.7972	.7118	.6355	.5674

Using Discounting factor @ 12% (Upto 4 decimal places) Calculate :

1. Discounted Payback Period
2. Net Present Value
3. Profitability Index
4. Payback period

Q6(a) Distinguish between Management Accounting and Financial Accounting.

(10)

(b) Explain the Balance Sheet ratio.

(10)

OR

Q6(a) Write short notes: (Any 4)

(20)

- a. Gross Working Capital
- b. Functions of Management Accounting
- c. Advantages of Capital Budgeting
- d. Limitation of Ratio Analysis
- e. Revenue Statement Ratio
- f. Users of Financial Statement

XXXXXXXXXXXXXXXXXXXX