

Management Accounting.

Seat No. _____

DURATION: - 2½ hrs

233181024

MARKS:- 75

Note: - (1) All questions are compulsory.

(2) Figures to the right indicate full marks

(3) Answer to each question must be on a new page

Subtotal
23

Q.1A) Select the most appropriate answer and rewrite the sentence. (Any 10) (CO1 to CO3/U&R) (10M)

1. Management accounting is also called _____.
a) Management Accounting b) Internal Accounting c) Analytical Accounting d) Corporate Accounting
2. Which of the following functions of management involves comparing actual results with budgeted results.
(a) Planning (b) organizing (c) Directing (d) Controlling
3. Internal Analysis of financial statements is done by _____.
(a) Potential investors (b) the owner (c) Creditors (d) Government
4. In common-size balance sheet analysis, the _____ are taken as cent percent.
(a) Fixed assets (b) total capital (c) total assets (d) Fictitious assets
5. Another term for short term investments is _____.
(a) inventories (b) Accounts receivables (c) contributed (d) marketable securities
6. Liquid Ratio _____.
(a) Balance Sheet ratio (b) Revenue Statement Ratio (c) Composite ratio (d) Debt- Equity Ratio
7. Standard Liquid Ratio is _____.
(a) 2:1 (b) 1:1 (c) 65% (d) 1.33
8. What are the primary sources of historical financial information used in ratio analysis?
(a) Balance sheet (b) Income statement (c) Income statement and Balance sheet (d) Audit report
9. Which of the following is not a factor that affects the composition of the working capital?
(a) Nature of business (b) Nature of raw material (c) Process of technology used (d) Tax structure of the company
10. A sound capital expenditure decision will _____ of a company.
(a) decreases the profit (b) increases sales (c) increases overall growth (d) none
11. Fixed interest bearing funds do not include _____.
(a) Debenture (b) Equity shares (c) Bank loan (d) Public Deposit
12. If current ratio is 3 and current liabilities are Rs. 1,00,000, then working capital is _____.
(a) Rs. 3,00,000 (b) Rs. 2,00,000 (c) Rs. 1,00,000 (d) Rs. 4,00,000

Q.1b) State whether the following statements are True or False: (Any 10) (CO1 to CO3/U&R) (10M)

1. Shareholders are internal decision makers of a company.
2. Budget contains the plans of management.
3. Goodwill is shown under 'Application of funds' in the vertical Balance sheet.
4. Common size income statement recast each statement item as a percentage of sales.

5. Common size income statement recast each statement item as a percentage of total assets.
 6. Trend income statement recast each statements item as a percentage of sales.
 7. Bank overdraft = Current Assets – Stock.
 8. Liquidity and efficiency are used synonymously in ratio analysis.
 9. The gross profit ratio is a measurement of short- term liquidity.
 10. Net working capital can never be negative.
 11. The NPV method of evaluating projects considers time value of money.
 12. Capital Gearing Ratio is called capital structure ratio.
- Q.2A) The following balances appear in the books of M/s Bhushan for the year ended 31st March 2017. You are required to prepare a revenue statement in vertical form. (CO1/U)(20M)

Particulars	Amount	Particulars	Amount
Opening stock		Provision for tax	
Net Profit b/f from p.y.		Sales	30,000
Office rent		Dividend on shares held	6,20,000
Carriage inward		Advertisement	25,000
General Expenses		Finance expenses	25,000
Wages		Loss on sale of assets	25,000
Octroi		Depreciation	30,000
Office staff salaries		Plant and Machinery	
Audit fees		Furniture	15,000
Sales Return		Delivery van	16,000
Profit on sale of investment		Carriage outward	14,000
Loss by fire		Warehouse expenses	5,000
Closing stock		Import duty	5,000
Purchases		Provision for tax	3,000
Postage and Telegram			

OR

- Q.2b) From the following data prepare comparative Balance sheet in vertical form at 31-3-2016 and 31-3-2017 of M/s. APJ ltd. (CO1/R) (20M)

Balance sheet as 31st March

Liabilities	2016 (Rs.)	2017 (Rs.)	Assets	2016 (Rs.)	2017 (Rs.)
Share Capital	70,000	80,000	Building	55,000	80,000
P & L A/c	20,000	20,000	Machinery	43,000	50,000
Debentures	20,000	30,000	Stock	25,000	5,000
Other Secured Loans	10,000	20,000	Debtors	15,000	10,000
Creditors	10,000	3,000	Cash	2,000	15,000
Bank overdraft	8,000	4,000			
Outstanding Expenses	2,000	3,000			
Total	1,40,000	1,60,000	Total	1,40,000	1,60,000

- Q.3a) From the following particulars calculate the following ratios:

1. Current Ratio
 2. Quick Ratio
 3. Capital Gearing Ratio
 4. Proprietors' Ratio
 5. Stock to Working Capital Ratio
 6. Debt Equity Ratio
- (CO3/U) (20M)

Particulars	Amount (Rs.)
Fixed Assets	19,16,000
Provision for Tax	1,40,000
Closing Stock	1,30,000
Reserve and Surplus	1,72,000
Bank Overdraft	32,000
Bills Receivable	48,000
Cash in Hand	80,000
Creditors	60,000
Debtors	70,000
8% Debentures	6,00,000
6% Preference Share Capital	4,00,000
Equity Share Capital	8,00,000

OR

Q.3b) From the following particulars calculate the following ratios:

1. Gross profit Ratio 2. Net profit Ratio 3. Stock Turnover Ratio 4. Expenses Ratio 5. Operating Ratio 5. Operating Profit Ratio (CO3/R) (20M)

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To opening stock	4,00,000	By sales	
To Purchases	9,80,000	-Credit	18,00,00
To Wages	2,90,000	-Cash	7,00,000
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 Administrative Expenses	1,30,000	By Dividend received	1,000
To Selling expenses	1,12,500		
To Depreciation on Machinery	2,50,000		
To Provision for Tax	1,40,500		
To Trf. To General Reserve	2,00,000		
To Net profit	2,98,000		
	31,11,000		31,11,000

Q.4a) The following information is presented by Data and Sons Ltd. for the year 2016-17. (CO2/U) (20M)

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

Raw material Rs. 5, Wages Rs. 3, Overheads Rs. 2, Selling Price Rs. 12

Further information:

- 1 The company maintains one month's stock of raw material.
 - 2 The company maintains two month's stock of finished goods.
 - 3 The processing period is half a month.
 - 4 The company is allowed one month's credit by suppliers.
 - 5 Wages and overheads are paid one month in arrears.
 - 6 The cash and bank balance is expected to be Rs. 8,125.
 - 7 There is regular purchase, production and sales cycles.
 - 8 During production process wages and overheads accrue evenly.
 - 9 Debtors are to be calculated on sale price basis
- Prepare an estimate of working Capital.

OR

Q.4b) A company is considering to purchase a machines. Three machines X, Y and Z are available, the details of which are given below: (CO2/R) (20M)

Particulars	X	Y	Z
Cost (Rs.)	50,000	60,000	75,000
Estimated Scrape	5,000	7,500	10,000
Life (Years)	12	10	13
Average profit before Tax and Depreciation	10,000	14,000	18,000

Rank the project on the basis of Average Rate of Return. Income Tax rate is 50%.

Q.5a) Distinguish between Financial Accounting and Management Accounting. (CO1 to CO3/U&R) (10M)
b) Explain the advantages of Ratio Analysis. (CO1 to CO3/U&R) (10M)

OR

Q.5c) Write short notes on : (Any 4) (CO1 to CO3/U&R) (20M)

- i) Functions of management
- ii) Net present Value
- iii) Balance Sheet Ratio
- iv) Gross working capital ratio
- v) Current liabilities and Quick liabilities
- vi) Operating Ratio

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