

(2 ½ Hours)

Marks : 75

NOTE: 1. Attempt all Questions

2. Each Question carries 15 marks with internal choice.

Q1. (A) State whether the following statements are true or false: (Any 8) (8 marks)

1. Owed funds are internal source of funds.
2. Loss due to fire is non-operating income.
3. Discount on issue of Debentures expense not written off is a fictitious asset.
4. Temporary working capital is required for seasonal products.
5. Loan taken is financing activity.
6. Management accounting is also known as corporate accounting.
7. Sale of land is cash inflow from financing activity.
8. Debentures are borrowed funds.
9. Bills payable is non-quick liability.
10. Goodwill is a fictitious asset.

(B) Match the column: (Any 7) (7 marks)

1	Stock	A	Non-operating item
2	Bank overdraft	B	Selling & distribution expense
3	Standard Liquid ratio	C	Total Current Assets
4	Issue of shares	D	Intangible assets
5	Standard current ratio	E	Combine ratio
6	Debt service ratio	F	Financing activity
7	Patent and trademarks	G	1:1
8	Gross working capital	H	2:1
9	Loss on sale of furniture	I	Non-quick current liability
10	Advertisement	J	Non-quick current asset

Qs3 .Following is a Balance Sheet of A Ltd as on 31.03.2019

(15 Marks)

LIABILITIES	31.03.2019 (Rs)	ASSETS	31.03.2019 (Rs)
Equity share capital	2,50,000	Land & Buildings	2,80,000
12% Preference share capital	1,50,000	Plant & Machinery	1,20,000
Bank Loan	50,000	Furniture	60,000
Reserves	25,000	Debtors	40,000
Profit & Loss A/c	75,000	Stock	20,000
Creditors	20,000	Bank	10,000
Bank overdraft	30,000	Cash	20,000
		Bills receivables	50,000
	6,00,000		6,00,000

Prepare common size Balance Sheet Statement.

OR

Qs.3 Rose manufacturing Ltd. presents the following information for 2018 – 2019: (15 marks)

Estimated yearly production and sales = 60,000 units

Estimated cost element p.u. :

Raw materials Rs. 5, Wages Rs. 3, Overheads Rs. 2, Selling price Rs. 12.

Further information:

1. The company extends 2 months credit to the debtors
2. The company maintains 2 month stock of raw materials.
3. The company maintains 1 month stock of finished goods
4. The processing period is 1 month
5. The company is allowed 3 months credit by the suppliers
6. Wages and overheads are paid 1 month in arrears
7. The cash and bank balance is expected to be equal to Rs. 10,000.
8. There is regular purchase, production and sales cycle.
9. During production, process wages and overheads accrue evenly.

Prepare statement showing an estimate of working capital.

Qs.4 Following is Balance Sheet of Rath Ltd as on 31st March:

(15 Marks)

LIABILITIES	31.03.2018 Rs	31.03.2019 Rs	ASSETS	31.03.2018 Rs	31.03.2019 Rs
Equity Share Capital	10,00,000	12,00,000	Land & Buildings	10,00,000	14,00,000
Preference Share Capital	8,00,000	10,00,000	Equipment	5,00,000	4,50,000
Reserves & surplus	2,00,000	2,50,000	Plant & machinery	5,00,000	4,50,000
Debentures	2,00,000	1,00,000	Furniture	3,00,000	4,00,000
Profit & Loss A/c	2,50,000	3,50,000	Stock	2,00,000	3,00,000
Creditors	1,00,000	1,50,000	Debtors	1,00,000	1,50,000
Provision for tax	20,000	30,000	Cash	30,000	15,000
Bills payable	80,000	1,00,000	Bank	20,000	15,000
	26,50,000	31,80,000		26,50,000	31,80,000

Other details:

1. Tax paid during the year Rs.15,000
2. Depreciation on equipment Rs.50,000 , on furniture Rs.15,000 and on plant & machinery Rs.50,000.

Prepare cash flow statement for the year ended 31.03.2019.

OR

Qs 4. The following are the particulars of Montex Ltd for the year 2018-19. Calculate the working capital estimate for an annual sales of 52,000 units.

(15 marks)

Cost sheet (per unit)	Rs
Raw material	20
Wages	10
Overheads	10
Profit	10

1. Production and Sales takes place evenly throughout the year.
2. Suppliers give 4 weeks credit.
3. Raw material remains in stock for 4 weeks
4. Processing period is of 1 week wherein raw material, wages and overheads accrue evenly.
5. Finished goods remain in stock for 5 weeks.
6. Customers are given 4 weeks credit

7. Time lag in payment of overheads is 1 weeks.
8. Time lag in payment of wages is 2 weeks
9. Cash and bank balance is maintained at Rs 22,000.

Qs 5 (A) Define management accounting. Give its scope. **(8 marks)**

(B) Distinguish between Financial Accounting and Management Accounting. **(7 marks)**

OR

Qs.5 Write Short Notes on: **(any 3)** **(15 marks)**

1. Working capital and types
 2. Liquidity ratios
 3. Cash flow from investing activities
 4. Operating cycle
 5. Importance of Management Accounting.
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