

M3A919

Max Marks: 75

Duration: 2 ½ hrs

Note : All question are complusory.

All questions carry equal marks.

Q1 A Multiple choice options (Any 8) 08

- 1 Direct expenses are shown under _____
Office expenses, cost of good sold, finance expenses
- 2 Cash flow statement is complusory for _____ compaines.
Schedule, listed, nonlisted
- 3 Stock working capital is a _____
Balancesheet ratio, income statement ratio, composite ratio
- 4 Goodwill is a _____
Fixed asstes, Intangible asstes, current asstes
- 5 In a commonsize income statement _____ is taken as 100.
Net sales, cost of goods sold, total capital employed
- 6 In a vertical income statement Net sales — cost of goods sold = _____
Net profit, Gross profit, Retained profit
- 7 Current ratio serves the index of _____ solvency.
Long term, short term, medium term
- 8 Loss due to the fire is _____.
Non operating income, Non operating expenses, operating loss
- 9 Generally Quick liabilities means all current liabilities excluding _____
Creditors, Bankoverdraft, Bills payable
- 10 Standard liquid ratio is _____
1:1. , 2:1 , 3: 5

Q1 B State whether the statement is True or False (Any 7) 07

- 1 Gross working capital is the sum of total current Asstes.
- 2 Underwriting commission is a fictitious asstes.
- 3 Management accounting is futuristic in nature.
- 4 Return on proprietors fund is equals to net profit after tax devided by proprietary fund X 100.
- 5 Advance paid is an item of non quick assets.
- 6 Common size statement is a short cut for quick comparison of items in the financial statement.
- 7 In trend analysis statement latest year is taken as base year.
- 8 The main purpose of stock working capital ratio is to show the extent to which working capital is blocked in inventories.
- 9 Capital gearing ratio compares own funds with owed fund.
- 10 Debtors turnover ratio is calculated to find out the efficiency of collection department.

Q2 A Following are the Balance sheet of karnavat Ltd. as on 31st March 2017 and 2018 08

Balance Sheet as on 31st March (Rs in 000)

Liabilities	2017	2018	Assets	2017	2018
Equity share capital	200	200	Fixed asstes	300	400
12% preference share capital	100	150	Investments	30	20
General reserve	10	15	Current asstes	75	80
10% Debenture	50	75	Preliminary expenses	05	—
Current liabilities	50	60			
Total	410	500	Total	410	500

Prepare a comparative Balance Sheet from the above in Vertical form.

Q2 B Complete the following income statement for the year ended 31 st March 2018.

07

Particulars	Rs
Net sales	?
Less cost of goods sold	?
Gross profit (25% of sales)	200000
Less operating expenses	?
Operating net profit	?
Add non operating income	Nil
Less non operating expenses	40,000
Net profit before Tax	40,000
Less income tax 50% of NPBT	?
Net profit after tax	?

OR

Q2 A The following figures are relating to Micka Ltd. for the year ended 31 st December 2018

15

Sales	24,00,000	Staff salaries	40,000
Net block	10,00,000	Advertisement exp	60,000
Bills receivable	4,00,000	Warehouse rent	30,000
Bills payable	200,000	Depericiation on plant	50,000
Cash balance	85000	Interest on overdraft	30,000
Bank overdraft	2,00,000	Share capital	800,000
Purchases	18,00,000	Reserves 1.1.18	3,65,000
Other administrative exp	40,000	Stock 1.1.18	3,60,000
Legal charges paid	30,000	Laptop Reparis	25,000
		Direct expenses	15,000

Other information :

Make a provision for Income tax of Rs 2,40,000

Provide Final Dividend Rs80,000

Closing stock on 31.12.2018 Rs400,000

You are required to prepare Balance sheet and Income Statement in Vertical form suitable for analysis for the year ended 31st Dec 2018.

Q3 A From the following Balance sheet of praful ltd.prepare Trend percentage statement in vertical form.

08

Particulars	2016	2017	2018
Equity share capital	200,000	200,000	200,000
8% preference share capital	100,000	150,000	100,000
General reserve	20,000	22,000	42,000
Debenture	75,000	100,000	90,000
Bills payable	5000	7000	10,000
Creditors	15,000	10,000	24,000
Total	4,15000	4,89,000	4,66000
Fixed asstes	1,50,000	200,000	200,000
Investment	100,000	150,000	100,000
Cash	50,000	25,000	40,000
Debtors	70,000	60,000	63,000
Stock	40,000	50,000	60,000
Preliminary exp	5000	4000	3000
Total	415000	489000	466000

Q3 B Following are the Trading and profit and loss account of samant Ltd for the year ended 31st March 2018 and balancesheet on that date.

07

Profit and Loss Account

Particulars	Rs	Particulars	Rs
To op balance	1,45,000	By sales	7,50,000
To purchases	6,10,000	By closing stock	1,55,000
To Gross profit c/d	1,50,000		
	905000		905000
To Sundry expenses	80,000	By Gross profit b/d	150,000
To net profit	70,000		
	1,50,000		1,50,000

Balance sheet

Liabilities	Rs	Assets	Rs
Share capital	7,00,000	Net block	5,50,000
Reserve and surplus	50,000	Stock	1,55,000
Profit for the year	70,000	Debtors	1,80,000
Bank overdraft	35,000	Cash	1,20,000
Creditors	1,50,000		
	10,05,000		10,05,000

You are required to calculate the following ratio and give your comments on current ratio, Quick ratio. Calculate : current ratio, Quick ratio, GP ratio, stock turnover ratio, and debtors turnover ratio, NP to paid up capital

OR

Q3 A From the following balances relating to K Ltd prepare a common size income statement in vertical form. **08**

Particular	Amount
Share capital	14,30,000
10% debenture	4,00,000
Current assets	8,30,000
Current liabilities	4,00,000
Investment (long term)	2,60,000
Fixed Asstes	?

Q3 B M.K Ltd provides the following information **07**

1. Annual material and labour cost is 7,20,000 and 5,40,000 respectively
 2. cost of sales consists material labour and overheads cost only.
 3. Production and sales take place evenly throughout the period
 4. As per the credit policy of the CO. Debtors (at selling price) at the three month credit will be 4,50,000. However for the working capital statement investment in debtors is to be considered at cost.
 5. Raw material are in stock on an average for one month
 6. finished goods are in stock on an average half a month.
 7. credit allowed by suppliers is two month.
 8. Material remain in process on an average one month (Raw material at cost and labour and overheads 50 %)
 9. Company sales goods at 25 % profit on cost.
 10. Time lag in payment of wages and overheads is one month.
 11. cash Rs 1,10,000
 - 12 margin of safety 10%
- You are required to prepare statement of working capital.

Q4 A From the following profit and loss account and balance sheet calculate the following ratios **08**
 Current ratio, proprietary ratio, Debt equity ratio, stock working capital ratio, liquid ratio, cost of sales to sales ratio, Administrative expense ratio, selling expenses ratio

Liabilities	2018	2017	Assets	2018	2017
Capital of Rs 10 each	70,000	70,000	Fixed asstes	90,000	92,000
Reserve	80,000	68,000	Current Asstes	1,10,000	1,12,000
Secured loan	22,000	24,000	Loans and advances	52,000	40,000
Current liabilities	26,000	30,000			
Provisions	54,000	52,000			
	2,52,000	2,44,000		2,52,000	2,44,000

Profit and loss account for the year ended

Particulars	2018	2017	Particulars	2018	2017
To Opening Stock	44,000	46,000	By Sales	2,10,000	2,00,000
To Purchases	84,000	72,000	By Closing Stock	46,000	44,000
To Wages	40,000	36,000			
To Factory expenses	32,000	28,000			
To Adminisartive exp	8,000	6,000			
To Selling exp	6,000	10,000			
To Mangers remuneration	2,000	2,000			

To tfd.to GR	2000	2000			
To Income tax	22,000	24,000			
To Proposes dividend	6000	8000			
To Balance c/d	10,000	16,000			
	2,56,000	2,44,000		2,56,000	2,44,000

Q4 B The following is the information of Ramkumar Ltd.for the year 2018-19 **07**

Yearly production 30,000 units

Cost sheet per unit

Raw material Rs 5, Wages Rs 3, Overheads Rs 2, Selling price Rs 12,

Two months credit to customers

One month stock of Raw material

Two month stock of finished goods

Process period is half a month

One month credit by supplier

Wages and overheads are paid one month in arrears.

Cash Rs 8,125

Production process wages and overheads accrue evenly

Debtors are to be calculated on selling price

Prepare an estimate of working capital.

OR

Q4 A Following are the summary of sun Ltd. **08**

Liabilities	2019	2018	Asstes	2019	2018
Share capital	7,00,000	6,00,000	Fixed assets	6,50,000	4,00,000
General reserve	2,00,000	1,50,000	Debtors	3,50,000	2,00,000
Profit and loss account	2,00,000	1,00,000	Stock	2,50,000	1,50,000
14% debenture issued for purchase of fixed assets	2,00,000	Nil	Cash	1,30,000	1,00,000
Proposed dividend	80,000	70,000	Underwriting commission	Nil	70,000
	13,80,000	9,20,000		13,80,000	9,20,000

Assuming the depreciation for the year Rs 50,000 and interim dividend paid during the year to be 5% on opening capital. Prepare cash flow statement.

Q4 B From the following summary Balance sheet prepare vertical trend Balancesheet. **07**

Balance sheet as at 31st December 2019

Particulars	2017	2018	2019
Share capital	50,000	50,0000	50,000
Reserve and surplus	5000	10,000	10,000
Secured loan	3000	5000	5000
Unsecured loan	2000	-	6000
Current liabilities	5000	5000	4000
Total	65000	70,000	75,000
Fixed assets	40,000	45000	50,000
Investment	5000	7500	10,000
Stock	7000	6000	5000
Debtors	10,000	9000	7000
Cash	3000	2500	3000
Total	65,000	70,000	75,000

Q5 A Explain the working capital and factors affecting working capital ? **08**

B How the management accounting help for taking managerial decision. **07**

OR

Q5 Write short notes (any three) **15**

- 1 Cost of good sold
- 2 Difference between comparative and common size
- 3 Functions of management accounting
- 4 Types of working capital
- 5 Cash flow statement
