

Q.1 a) Multiple Choice questions (Any 8)

1. Sale of long term investment at a loss _____ the cash balance.
 - a. decreases
 - b. makes no change in-
 - c. increases
 - d. Increase and decrease
2. Balance sheet provides a statement of _____ at a point of time.
 - a. Assets position
 - b. Financial position
 - c. Liabilities position
 - d. Performance position
3. _____ is the test of the short term liquidity of a business.
 - a. Debt equity ratio
 - b. Stock turnover ratio
 - c. Operating Ratio
 - d. Current ratio
4. Working capital cycle is also known as _____.
 - a. Operating cycle
 - b. Investment cycle
 - c. Financial Cycle
 - d. Current Ratio
5. In Common size Revenue Statement, percentage of all the components is computed based on _____.
 - a. Net profit
 - b. Net Purchase
 - c. Total Sales
 - d. Net Sales
6. When Current assets are less than Current liabilities then it is called a _____.
 - a. Gross
 - b. Positive
 - c. Negative
 - d. Zero
7. _____ is not a operating expense.
 - a. Advertising expenses
 - b. General management salaries
 - c. Depreciation of Machinery
 - d. Loss on sale of motor car
8. Estimation of working capital deals with expected net investment in _____.
 - a. Current assets
 - b. Current liabilities
 - c. Fixed assets
 - d. Intangible assets
9. _____ is calculated to find out the efficiency of collection department.
 - a. Acid test ratio
 - b. Creditors turnover ratio
 - c. Dividend payout ratio
 - d. Debtors turnover ratio
10. Resources like coal mines, oil-wells are _____.
 - a. Wasting assets
 - b. Fictitious assets
 - c. Current assets
 - d. Intangible assets

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Q.1 b) State whether the following are true or false (Any 7)

1. Long term loans given by a bank is financing activity in cash flow statement of Bank.
2. Unclaimed dividend is contingent liability..
3. Advance paid is an item of non-quick asset.
4. If sales are against advance cash receipts only, then the working capital requirement will be high.
5. Acid test ratio depicts liquidity position of the company.
6. Fictitious assets are shown under tangible fixed assets.
7. Machinery scrap is an example of wasting asset.
8. Accounting standards are required to be followed while preparing Management Accounting Reports.

9. Amortization of share issue expenses is considered under non-operating expenses.
10. Common-size statement is a short cut for quick comparison of items in financial statements.

Q.2 The following balances are extracted from the financial statements of Maganlal Products ltd.
Balances as on 31st March, 2017

(15)

Particulars	Rs.	Particulars	Rs.
Bank loan	2,00,000	Preliminary Expenses (Not yet W/o)	25,000
7% Preference Share capital(Rs.100)	5,00,000	Stock(closing)	4,00,000
Investments	2,50,000	12% Debentures	5,00,000
Trade Receivables	4,00,000	Bills Payable	1,00,000
Trade Payables	3,00,000	Land and Building	10,00,000
Goodwill	2,50,000	Equity Share Capital(Rs.10 each)	10,00,000
Bills Receivable	2,75,000	Bank overdraft	1,50,000
Plant and Machinery	6,00,000	Cash and Bank balance	75,000
Profit and Loss A/c (Cr)	4,00,000	Furniture	4,00,000
Unclaimed dividend	20,000	General Reserve	4,25,000
Prepaid Expenses	50,000	Advance Tax	2,00,000
Provision for taxation	3,30,000		

You are required to prepare Balance sheet in vertical form suitable for analysis.

OR

Q.2 The following balances appear in the books of M/s. Bhushan for the year ended 31st March, 2017.

(15)

You are required to prepare a Revenue Statement in vertical form.

Particulars	Rs.	Particulars	Rs.
Opening stock	50,000	Sales Return	20,000
Net profit b/f from P. Y	60,000	Profit on sale of Investment	5,000
Office Rent	5,000	Loss by Fire	5,000
Carriage Inward	20,000	Closing stock	40,000
General Reserve	75,000	Purchases	2,00,000
Wages	72,000	Postage and Telegram	5,000
Octroi	5,000	Provision for Tax	30,000
Office Staff Salaries	40,000	Sales	6,20,000
Audit Fees	20,000	Dividend on shares held	25,000
Advertisement	25,000	Carriage outward	5,000
Finance Expenses	25,000	Warehouse Expenses	5,000
Loss on sale of Asset	30,000	Import Duty	3,000
Depreciation			
- Plant and Machinery	15,000		
-Furniture	16,000		
-Delivery Van	14,000		

Q.3 You are required to prepare Trend Income Statement in vertical form suitable for analysis.

(15)

M/s C Ltd

Balances for the year ending on 31st March of each year

Particulars	31-3-2015	31-03-2016	31-03-2017
Net Sales	60,000	80,000	1,00,000
Opening Stock	6,000	10,000	14,000
Purchases	34,000	38,000	40,000
Wages	3,000	6,000	4,000
Carriage Inward	4,000	8,000	8,000
Closing stock	?	?	12,000
Office Expenses	2,000	2,400	3,000
Administrative Expenses	2,000	2,000	2,000
Selling Expenses	1,400	1,800	2,000
Distribution Expenses	1,000	800	1,200
Finance Expenses	1,200	800	2,000
Interest received	3,000	4,000	6,000
Loss on sale of Investment	1,000	600	1,000

Make provision for Income tax at the rate of 40% on Net Profit Before Tax of each year.

OR

Q.3 From the following particulars prepare a vertical Balance sheet and calculate the following ratios: (15)

- | | | |
|-----------------------|-----------------------------------|--------------------------|
| 1. Current Ratio | 2. Quick Ratio | 3. Capital Gearing Ratio |
| 4. Proprietor's Ratio | 5. Stock to Working Capital Ratio | 6. Debt Equity Ratio |

Particulars	Rs.
Fixed Assets	19,16,000
Provision for Tax	1,80,000
Closing stock	1,30,000
Reserves 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

Q.4 Following are summarized Balance sheet of BDM Ltd as on 31st March 2016 and 2017 (15)

Balance Sheet

Liabilities	2016	2017	Assets	2016	2017
Equity Share Capital	2,00,000	2,50,000	Bank	35,000	16,000
12% Debentures	1,00,000	80,000	Stock	40,000	75,000
10% Pref Share Capital	50,000	80,000	Debtors	90,000	1,50,000
Bank Loan	70,000	1,10,000	Machinery	75,000	60,000
Reserves	20,000	25,000	Furniture	10,000	8,000
Profit & Loss A/c	50,000	60,000	Land	1,70,000	2,80,000
Creditors	60,000	75,000	Buildings	1,40,000	99,000
Bills Payable	40,000	33,000	Goodwill	30,000	25,000
	5,90,000	7,13,000		5,90,000	7,13,000

Additional Information:

- Depreciation charged during 2017 was Rs.4,000 on Furniture, Rs.12,000 on Machinery and Rs.20,000 on Buildings
 - Part of Machinery was sold for Rs.15,000 at a loss of Rs.4,000.
 - During 2017 interim dividend was paid Rs.10,000 & Income tax was paid Rs.5,000.
 - During the year part of the Building was sold at book value.
- You are required to prepare Cash Flow Statement as per AS 3 (Use Indirect Method).

OR

Q.4 The following are the particulars of Vijay & Company for the year 2016-17. Calculate the working capital estimate for annual sales of 78,000 units. (15)

1. Cost Sheet

Particulars	(per unit)
Raw Material	40
Wages	20
Overheads	30
Profit	30

2. Production and Sales take place evenly throughout the year.
3. Raw Material is on eight weeks credit.
4. Raw Material remains in stock for eight weeks.
5. Processing period is of two weeks, wherein Raw Material, Wages and Overheads accrue evenly.
6. Finished Goods remain in stock for ten weeks.
7. Customers are given nine weeks credit.
8. Time lag in payment of wages is four weeks.
9. Time lag in payment of overheads is two weeks.
10. Cash and Bank Balance is maintained at Rs.1, 05,000.
11. Calculate Debtors on sales.

- Q.5 a. Define Management accounting. Give its scope. (8)
- b. Distinguish between Financial accounting and Management accounting. (7)

OR

- Q.5 Write Short Notes on: (Any 3) of the following (15)
- a. Operating Cycle
 - b. Limitations of Ratio Analysis
 - c. Liquidity Ratios
 - d. Proprietary ratio
 - e. Functions of Management accounting

Information by the principal