

B3A1122

SYBBI  
Semester - III

10.11.2022

Management Accounting

Time : 2 1/2 hour

Marks : 75

Note : All the questions are compulsory  
Figures to the right indicate full marks.

Q.1 A Match the following ( Any 8 )

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Column A	Column B
1. Current ratio	a. Applies to all types of firms
2. Prepaid expenses	b. Compulsory under law
3. Profit and loss account credit balance	c. Balance sheet ratio
4. Loss on sale of investment	d. 1: 1
5. Depreciation on office furniture	e. 2: 1
6. Satisfactory debt equity ratio	f. Current asset
7. Satisfactory quick ratio	g. Add to net worth
8. Stock working capital	h. Non-operating exp
9. Financial Accounting	i. Operating exp
10. Management accounting	j. Short term solvency ratio

Q.1 B Write whether the statement is true or false ( any 7 )

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1. Share issue expenses considered as fictitious assets.
2. Net worth = shareholders fund = Own fund.
3. Management accounting is voluntary in nature.
4. Stock turnover ratio is a revenue statement ratio.
5. Standard current ratio is 2: 1
6. If CL > CA then it is considered as positive working capital
7. Depreciation is considered under operating activity as noncash item.
8. Plant and machinery and furniture and fixture is considered as fixed assets.
9. Goodwill is an intangible asset.
10. Loss by fire is considered as non-operating.

Q.2 A From the following information prepare vertical balance sheet for trend analysis of KBC Ltd.

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Particulars	31 March 19 Rs	31 March 20 %	31 March 21 Rs
Share capital	50,000	120	70,000
Reserves and surplus	10,000	150	20,000
Secured loan	10,000	100	10,000
Current liabilities.	10,000	150	20,000
Fixed assets	40,000	110	50,000

Long term investment	10,000	160	20,000
Stock and debtors	25000	120	35000
Bank	5000	200	15000

**Q.2B** Following is the Balance sheet of Bliss and happiness Ltd, as on 31<sup>st</sup> March 2022

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liabilities	Rs	Assets	Rs
Equity share capital	100,000	Machinery	296000
General reserve	70,000	Investment	1,12,000
Preference Share capital	1,80,000	Stock in trade	1,01000
Debenture	1,20,000	Bills receivables	20,000
Trade payable	1,22,000	Trade Receivables	49,000
Bank overdraft	20,000	Cash and bank	38,000
Provision for Tax	18000	Profit and loss account	14,000
	<b>630,000</b>		<b>6,30,000</b>

Sales for the year Rs. 700,000

Gross profit rate 25 %

Opening stock Rs. 1,09,000

Profit before tax is Rs. 2,10,000

Calculate:

**Current ratio, Acid test ratio, stock turnover ratio, capital Gearing ratio, proprietary ratio, Debt - equity ratio, Return on Capital employed ratio.**

**Q.3 A** Prepare an estimate of working capital for the year ended 31st March 2019.

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1. Estimated level of activity- 1, 30,000 units for the year 52 weeks.
2. Cost of Raw Material per unit- Rs.6.
3. Cost of Labour per unit- Rs.2.
4. Cost of Overhead per unit- Rs.1.
5. Profit per unit-Rs. 3.
6. Stock of finished goods- 4 weeks.
7. Stock of Raw Material- 4 weeks.
8. Processing period- 4 weeks.
9. Credit to debtors- 5 weeks.
10. Credit to creditors- 4 weeks.
11. Time lag in payment of Wages- 4 weeks.
12. Time lag in payment of Overheads- 2 weeks.
13. Cash and Bank Balance required- Rs.55, 000.
14. Debtors are calculated on sales basis.
15. Purchases against cash- 20%
16. All the activities are spread evenly throughout the year.
17. During processing, labour and overheads accrue evenly.

**Q.3 B Complete the following common size income statement.****15**

Particular	Rs	%
Gross sales	9,90,000	?
Less: Returns	?	10
Net sales	?	?
Less: Cost of sales	?	40
Gross profit	?	?
Less: <u>Operating Exp</u>		
Administrative exp	?	?
Finance exp	?	2
Selling exp	72000	?
Net profit	?	?
Add : Non-operating income	45000	?
Less: Non-operating exp	?	15
Net profit before tax	?	30

**Q.4 A** From the following balances appeared in the books of M/s kadu & broat 31<sup>st</sup> march 2022. You **15**  
are required to prepared balance sheet in a suitable form.

Particulars	Rs
Cash and Bank	6000
Land And building at cost less depreciation	40,000
Prepaid exp	10,000
Stock	30,000
Trade creditors	8,000
General reserve	14,000
Debtors	18,000
Preliminary exp	3,000
Plant and machinery at cost less depreciation	52,000
Term loan from bank	35,000
Bank overdraft	18,000
Capital	80,000
Profit and loss credit balance	16,000
Marketable investment	10,000
Advance tax	18,000
Provision for tax	16,000

**Q.4 B** The Balance sheet of Arial Ltd. Are as follows

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Liabilities	2021	2022	Assets	2021	2022
Equity share capital	150,000	200,000	Goodwill	57,500	45,000
8 % Redeemable preference share capital	75,000	50,000	Land and building	100,000	85,000
General reserves	20,000	35,000	plant	40,000	100,000
Profit and loss a/c	15,000	24,000	stock	38,500	54,500
Sundry Creditors	27,500	41,500	Debtors	80,000	100,000
Bills payable	10,000	8,000	Bills receivable	10,000	15,000
Provision for taxation	20,000	25,000	Cash at hand	5,000	4,000
Provision for Dividend	21,000	25,000	Cash at bank	7,500	5,000
	<b>3,38,500</b>	<b>4,08,500</b>		<b>3,38,500</b>	<b>4,08,500</b>

1. Depreciation of Rs 5000 and 10,000 have been charged on plant and land and building.
2. An interim dividend Rs.10,000 has been paid in 2022.
3. Rs 17,500 income tax was paid during the year 2022.

Prepare cash flow statement

**Q.5 A)** What are the factors affecting working capital?

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**B)** Explain the various tools of Management Accounting.

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**OR**

**C) Write short Note (Any3 )**

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1. Difference between Own Funds and Owed Funds
2. Difference between Management Accounting and Financial Accounting
3. Vertical income statement
4. Types of working capital
5. Cash flow statement.

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