

QP CODE : 25488

[Time: 2:30 Hours]

[ Marks:75]

Please check whether you have got the right question paper.

- N.B:
1. All questions are compulsory and carry 15 marks each.
  2. Question nos. 2 to 5 have internal option
  3. Working notes should form part of your answer.
  4. Proper presentation and neatness is essential.
  5. Use of simple calculator is allowed.
  6. Figure to the right indicate full marks.

Q.1 A) Rewrite the following statements **serially** and state whether they are True or False (**Any Eight**).

08

1. Management Accounting is future oriented.
2. Tactical information is generated internally
3. Unclaimed dividend is a current liability.
4. Owed fund is an external fund.
5. Salary is shown under office and administration expenses.
6. Common size income statement shows performance in terms of 100.
7. Cash flow statement is prepared as per AS-3.
8. Purchase of vehicle is an application of cash outflow from investing activity.
9. Working capital is excess of current asset over current liabilities.
10. Manufacturing organisation requires higher working capital.

B) Match the item in Column 'A' with most appropriate item in column 'B, and rewrite (**Any seven**)

07

Column 'A'	Column 'B'
1. Goodwill	a. Current Asset
2. Own funds	b. Non-operating Income
3. Stock	c. Discount allowed to customers
4. Dividend received on shares	d. Capital gearing ratio
5. Balance sheet ratios	e. Redemption of Debenture
6. Revenue statement ratio	f. Gross profit ratio
7. Composite ratio	g. Internal sources of Finance
8. Operating Activity	h. Return on equity capital ratio
9. Financing Activity	i. Sale of vehicle
10. Investing activity	j. Fictitious Assets
	k. Intangible Assets

[TURN OVER

- Q.2 The Management of Maruti Ltd has called for a statement showing the working capital needed to finance a level of activity of 3,00,000 units for the year. The cost structure for the company's products for the said activity is as below: 15

Particulars	Cost per unit (₹)
Raw Material	20
Direct Labour	5
Overheads	15
Total Cost	40
Profit	10
Selling Price	50

- Past trend indicate that raw material are held in stock on an average for two months.
- Work in progress will approximate to half a month's production.
- Finished goods remain in warehouse on average for a month.
- Suppliers of material extend a month's credit.
- Two months credit is normally allowed to debtors.
- A minimum cash balance of ₹ 25,000 is expected to be maintained.
- Time lag in payment of wages and overhead is one month respectively.
- Provide Margin of safety of 10%.
- The Production pattern is assumed to be even during the year.

From the above facts, you are required to prepare statement showing working capital required.

OR

- Q.2 Following is the Balance Sheet of Prajka Ltd as on 31<sup>st</sup> March 2016-2017

15

Liabilities	2016(₹)	2017(₹)	Assets	2016(₹)	2017(₹)
Equity share capital	40,000	70,000	Land and Building	60,000	50,000
10% Preference Share			Plant and Machinery	20,000	40,000
Capital	80,000	50,000	Trade Investments	50,000	40,000
Reserve and Surplus	22,000	24,000	Current assets	57,000	22,000
10% Debentures	30,000	-	Underwriting		
Current Liabilities	25,000	16,000	commission	10,000	8,000
Total	1,97,000	1,60,000	Total	1,97,000	1,60,000

Prepare a comparative balance sheet from the above in vertical form and comment on it.

[TURN OVER

QP CODE : 25488

Q.3 M/s Pari Ltd. furnishes you their Profit & Loss account for the year ended 31<sup>st</sup> March, 2017 and Balance Sheet as on 31<sup>st</sup> March, 2017 with some additional information.

Dr.		Profit & Loss account for the year ended 31 <sup>st</sup> March, 2017		Cr.	
Particulars	₹	Particulars	₹		
To Cost of Goods Sold	12,00,000	By Sales	20,00,000		
To Office Expenses	2,60,000				
To Selling Expense	50,000				
To Provision for Taxation	1,80,000				
To Net profit c/d	3,10,000				
	20,00,000		20,00,000		
To Provision for Dividend	1,00,000	By Balance b/f	40,000		
To Balance c/f	2,50,000	By Net profit b/d	3,10,000		
	3,50,000		3,50,000		

Balance Sheet as on 31<sup>st</sup> March, 2017

Liabilities	Rs.	Assets	Rs.
Equity Share Capital	3,00,000	Land and Building	5,00,000
10% Preference Share Capital	2,00,000	Plant & Machinery	3,50,000
General Reserves	2,00,000	Copyrights	1,00,000
Profit and Loss Account	2,50,000	Furniture	2,00,000
15% Debentures	2,00,000	Closing Stock	3,00,000
10% Public Deposit	2,00,000	Debtors	2,00,000
Accounts Payable	2,50,000	Bills receivables	1,00,000
Bank Overdraft	20,000	Cash and Bank	50,000
Provision for Tax	1,80,000	Advance Income tax	1,00,000
Provision for Dividend	1,00,000		
	19,00,000		19,00,000

QP CODE : 25488

[TURN OVER

Market Price per equity share ₹ 25

Closing stock is ₹ 1,00,000 less than the opening stock.

Calculate following ratios:

- Gross profit ratio
- Operating Cost Ratio
- Stock Turnover ratio
- Return on Proprietor's fund
- Return on Capital Employed
- Stock to Working Capital ratio
- Current Ratio

Note: Vertical statements are not required.

OR

Q.3 Following are summarized Balance Sheets of Pratiksha Surve Ltd. as on 31<sup>st</sup> March 2016 and 2017. 15

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 ₹4,000 on Furniture, ₹12,000 on Machinery and ₹20,000 on Buildings.
  - Part of Machinery was sold for ₹15,000 at a loss of ₹4,000
  - During 2017 interim dividend was paid ₹ 10,000 & Income Tax was paid ₹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)

[TURN OVER

QP CODE : 25488

- Q.4 The following balances appear in the books of A.K. Ltd. for the year ended 31<sup>st</sup> March 2017.  
You are required to prepare Revenue Statement in vertical form.

15

Particulars	₹	Particulars	₹
Opening Stock	60,000	Sales Return Inward	30,000
Net Profit b/f from P.Y	70,000	Profit on sale of Investment	15,000
Office rent	15,000	Loss by Fire	15,000
Carriage Inward	80,000	Closing Stock	50,000
Wages	82,000	Purchases	2,10,000
Octroi	15,000	Postage and Telegram	15,000
Office Staff Salaries	50,000	Provision for Tax	40,000
Audit Fees	30,000	Sales	6,23,000
Advertisement	35,000	Dividend on Shares Held	35,000
Finance Expenses	35,000	Carriage Outward	15,000
Loss on sale of Assets	40,000	Warehouse Expenses	15,000
<b>Depreciation:</b>		Import Duty	13,000
Plant and machinery	25,000	Proposed Dividend	45,000
Furniture	26,000		
Delivery Van	24,000		

OR

- Q4 Calculate trend percentage from the following information extracted from financial statements of M/s Shah Ltd. after arranging in vertical form

15

Balance sheet as on 31 march.....

Liabilities	31 March 2015 ₹	31 March 2016 ₹	31 March 2017 ₹	Assets	31 March 2015 ₹	31 March 2016 ₹	31 March 2017 ₹
Share capital	50,000	60,000	70,000	Fixed assets	40,000	50,000	60,000
Secured loan	20,000	30,000	20,000	Trade Investment	30,000	40,000	30,000
Current liabilities	12,000	13,000	14,000	Current assets	12,000	13,000	14,000
	82,000	1,03,000	1,04,000		82,000	1,03,000	1,04,000

Income statements for the year ended 31<sup>st</sup> March.

Particulars	31 March 2015 ₹	31 March 2016 ₹	31 March 2017 ₹
Net sale	50,000	55,000	60,000
Gross margin	20,000	25,000	25,000
operating expenses	12,000	14,000	15,000
Operating profit	8,000	11,000	10,000
cost of sale	30,000	30,000	35,000

[TURN OVER

- Q.5 a) Discuss the factors that affect working capital requirement? 08  
b) Explain the functions of Management Accounting. 07

OR

- Q.5 Write Short Note on **(Any three)** 15  
1) Distinguish between owned fund and owed fund  
2) Net Worth  
3) Cash flow from Investing Activity.  
4) Users of Financial Statements  
5) Types of working capital
-