

management a/c.

QP Code : 73946

REVISED COURSE (NEW PATTERN) (75:25)

(2½ Hours)

[Total Marks : 75

- 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.

1. (A) Rewrite the following statements serially and state whether they are true or false: (Any Eight) 8

- (i) Long term loans given by a Bank is financing activity in cash flow statement of Bank.
- (ii) Unclaimed dividend is contingent liability.
- (iii) Advance paid is an item of non-quick asset.
- (iv) If sales are against advance cash receipts only, then the working capital requirement will be high.
- (v) Acid test ratio depicts liquidity position of the company.
- (vi) Fictitious assets are shown under tangible fixed assets.
- (vii) Machinery scrap is an example of wasting asset.
- (viii) Accounting standards are required to be followed while preparing Management Accounting Reports.
- (ix) Amortization of share issue expenses is considered under non-operating expenses.
- (x) Common-size statements is a short cut for quick comparison of items in financial statements shown in odd amounts.

(B) Match the item in column 'A' with most appropriate item in column 'B' and rewrite. (Any seven) 7

Column 'A'	Column 'B'
(i) Discount on issue of shares ✓	* Balance Sheet Ratio
(ii) Staff advances ✓	* Financing outflow
(iii) Goodwill ✓	* Tangible Fixed Asset
(iv) Temporary working capital ✓	* Revenue statement Ratio
(v) Preference Dividend paid ✓	* Combined Ratio
(vi) Calls received in advance	* Current Liability
(vii) Operating ratio ✓	* Financing inflow
(viii) Issue of rights shares ✓	* Current Asset
(ix) Debt-Equity Ratio ✓	* Fictitious Asset
(x) Debt Service Ratio	* Financed through Bank Overdraft
	* Intangible Fixed Asset
	* Wasting Asset
	* Operational Outflow

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2. Following are the balances in the books of Arnav Ltd., for the year ended 31st March, 2016.

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Particulars	₹
10% Preference Share Capital	10,00,000
Administrative Expenses	6,00,000
Cash and Bank	50,000
Marketable Investments	4,00,000
Depreciation	3,50,000
Direct Labour	3,75,000
Equity Share Capital	15,00,000
Fixed Assets	70,00,000
Income Tax	8,85,000
Interest paid	10,20,000
Inventories	30,00,000
Long Term Investments	2,00,000
Other Current Liabilities	1,00,000
Other Direct Expenses	2,40,000
Provision for Expenses	3,25,000
Raw Materials Consumed	39,00,000
Reserves and Surplus	3,50,000
Sales	80,00,000
Secured Term Loans	60,00,000
Selling Expenses	1,30,000
Trade Payables	16,75,000
Trade Receivables	18,50,000
Unsecured Term Loans	7,50,000

You are required to prepare vertical Income Statement for the year ended 31st March, 2016 and vertical Balance Sheet as on that date for analysis.

OR

2. (A) Complete the following comparative Income Statement of Supriya Ltd. by ascertaining the missing Figures.

Particulars	2015 ₹	2016 ₹	Increase/ (Decrease) in ₹	% of Increase/ (Decrease)
Sales	---	---	2,00,000	100
Cost of goods sold	---	1,80,000	1,20,000	200
Gross profit	---	---	---	---
Operating Expenses	40,000	---	---	120
Operating Profit	---	---	---	---
Non operating Income	---	---	3,000	30
Non operating Expenses	5,000	---	Nil	Nil
Net Profit Before Tax	---	---	---	---

- (B) From the following information of Ganesh Ltd. Prepare common size Balance Sheet in Vertical Form as on 31st March 2016. 7

Particulars	₹
Fixed Assets ✓	1,50,000
Net Worth ✓	1,50,000 ✓
Loan Fund ✓	?
Working Capital ✓	1,00,000
Total Capital Employed ✓	2,50,000
Current liabilities ✓	1,00,000

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3. At the beginning of current year, the board of directors of Karishma Ltd. wishes to know the amount of working capital that will be required to meet the programme of activity which they have planned for the year 2016-17. 15

Following information is available:-

- (1) Production during the previous year was 1,20,000 units. It is planned that this level of activity should be maintained during the present year.
- (2) The expected ratios of cost to selling price are:-

Raw materials	40%
Direct wages	30%
Overheads	20%
- (3) Raw materials are expected to remain in stores for an average period of one month before issuing for production.
- (4) Finished goods are to stay in warehouse on an average for two months before being sold to customers.
- (5) Each unit of production will be in process for an average period of one month.
- (6) Credit allowed by suppliers from the date of delivery of materials is one month
- (7) Debtors are allowed two months credit from the date of sale.
- (8) Selling price is ₹15 per unit.
- (9) The company wants to maintain ₹1,25,500 cash balance.
- (10) Calculate debtors on cost basis.
- (11) There is regular production and sales cycle.
- (12) 20% of the purchases will be on cash basis.
- (13) During the processing period, labour and overheads accrue evenly.
- (14) Time lag in payment of wages and overheads is one month.
- (15) The company wants to adopt 15% safety margin on net working capital, before computing safety margin.

OR

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3. Compute the missing amounts and percentages to complete the following Trend 15 Analysis Statement of Anand Ltd.

Summarised Profit and Loss Accounts for the years ended 31st March,....

Particulars	Amount (₹ '000)				Trend Percentages (%)			
	2013	2014	2015	2016	2013	2014	2015	2016
Net Sales	?	?	?	11,200	?	120	140	200
Operating Cost	?	?	6,000	6,500	?	110	120	?
Operating Net Profit	?	?	?	?	?	?	?	?
Non-Operating Income	?	?	150	?	?	1020	150	280
Non-Operating Expenses	200	?	150	230	?	?	?	?
Profit before Interest & Tax	?	?	?	?	?	?	?	?
Interest	?	110	200	160	?	?	200	?
Profit Before Tax (PBT)	?	?	?	?	?	?	?	?
Tax @ 50% of PBT	?	?	?	?	?	?	?	?
Profit After Tax (PAT)	?	?	?	?	?	?	?	?
Proposed Dividend	?	?	?	75	?	?	200	235
Balance c/f	400	760	1000	1100	?	190	250	270

Note : Base Year = Year ended on 31st March, 2013.

4. Asha Ltd., furnishes you following financial statements for the year ended 31st March, 2016.

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Balance Sheet as at 31st March, 2016

Equity and Liabilities	₹	Assets	₹
Equity Share Capital (₹ 10 each)	20,00,000	Fixed Assets(at Cost)	50,00,000
8% Preference Share Capital	10,00,000	Less: Depreciation Provision	(6,00,000)
Reserve and Surplus	2,00,000	Net Block	44,00,000
Profit and Loss Account	3,00,000	Long Term Investments	5,50,000
12% Long Term Loans	12,00,000	A/cs Receivable (PY ₹ 6,00,000)	8,00,000
13% Public Deposits	6,00,000	Inventories (PY ₹ 9,00,000)	12,00,000
A/cs Payable (PY Rs. 9,00,000)	8,00,000	Cash and Bank Balance	2,00,000
Outstanding Expenses	1,00,000	Expenses paid in Advance	50,000
Bank Overdraft	7,00,000	Advance Income Tax	2,50,000
Provision for Income Tax	3,00,000	Preliminary Expenses	50,000
Proposed Dividend	3,00,000		
Total ₹	75,00,000	Total ₹	75,00,000

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Profit and Loss Account for the year ended 31st March, 2016.

Particulars	₹	Particulars	₹
To cost of Goods Sold	63,00,000	By Sales: Cash	30,00,000
To Gross Profit c/d	27,00,000	By Sales: Credit	60,00,000
Total	90,00,000	Total	90,00,000
To Administrative Expenses	9,00,000	By Gross Profit	27,00,000
To Selling and Distribution Expenses	7,00,000		
To Interest	2,22,000		
To Provision for Income Tax	3,00,000		
To Net Profit c/d	5,78,000		
Total	27,00,000	Total	27,00,000
To Transfer to Reserves	78,000	By Balance b/f	1,00,000
To Provision for Dividend	3,00,000	By Net Profit	5,78,000
To Balance c/f	3,00,000		
Total	6,78,000	Total	6,78,000

From the above information you are required to calculate the following ratios and offer your comments on Current Ratio.

- (i) Current Ratio
- (ii) Net Profit (NPAT) Ratio
- (iii) Return on Capital Employed
- (iv) Debt Service Ratio
- (v) Stock Turnover Ratio
- (vi) Creditors Turnover Ratio
- (vii) Debtors Turnover Ratio

Note:- Vertical statements not expected

OR

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4. Following are the Balance Sheets of Silence Enterprises Ltd., as at 31st March, 15 2015 and 2016.

Liabilities	31.03.2015	31.03.2016	Assets	31.03.2015	31.03.2016
	(₹)	(₹)		(₹)	(₹)
Equity Share Capital	1,00,000	1,60,000	Machinery	2,96,000	3,26,000
General Reserve	90,000	95,000	Investments	1,12,000	85,000
Profit & Loss A/c	—	19,000	Inventory	1,01,000	86,000
10% Pref Share Capital	1,80,000	1,20,000	Bills Receivables	20,000	45,000
15% Debenture	1,20,000	1,50,000	Trade Receivables	49,000	1,39,000
Trade Payables	1,02,000	1,16,000	Cash and Bank	38,000	49,000
Bank Overdraft	20,000	24,000	Adv. Income Tax	20,000	20,000
Provision for tax	18,000	14,000	Profit and Loss A/c	14,000	—
Proposed Dividend	20,000	32,000			
Total	6,50,000	7,30,000	Total	6,50,000	7,30,000

Additional Information:

- (1) 10% Preference Shares were converted into Equity Shares on 31.03.2016.
- (2) Additional 15% Debentures were issued on 01.04.2015.
- (3) Preference Dividend and Debenture interest are paid on 31.03.2016.
- (4) Last Year's Equity Dividend is paid on 01.03.2016.
- (5) Machinery of which Written Down Value was Rs. 80,000 was sold at Rs. 95,000.
- (6) Depreciation on Machinery provided during the year was Rs. 75,000
- (7) Investments of Rs. 50,000 were sold for Rs. 25,000.
- (8) Last year's Income Tax was settled at Rs. 22,000.

Prepare Cash Flow Statement by indirect Method as per AS-3.

5. (A) Explain the functions of Management Accounting. 8
 (B) Discuss the concept of working capital requirement. 7

OR

5. Write short notes on (any three):- 15
- (1) Valuation of Fixed Assets
 - (2) Net Worth
 - (3) Common size financial statements
 - (4) Owed funds
 - (5) Sources of cash flow

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