

Time: 3 hrs.

Marks:100

- Note:
1. All questions are compulsory with internal options.
 2. Figures to the right indicate full marks.
 3. Working should form part of your answer.
 4. Simple calculator is allowed.

Q. 1 (A) Fill in the blanks with the appropriate answer from the alternative given below. (attempt any 10)

- (1) Goodwill is an _____ asset.
 - (a) Fictitious
 - (b) Intangible
 - (c) Tangible
 - (d) Current
- (2) Operating Ratio is an indicator of _____.
 - (a) Operating efficiency
 - (b) Production efficiency
 - (c) Sales efficiency
 - (d) None of the above
- (3) _____ is an item of current liability.
 - (a) Unsecured Loans
 - (b) Cash Balance
 - (c) Bank Overdraft
 - (d) Bank Balance
- (4) The capital required to finance day to day activities of the business is known as _____.
 - (a) Fixed Capital
 - (b) Working Capital
 - (c) Proprietor's Capital
 - (d) None of the above
- (5) Assets which can be converted into cash within one year are _____.
 - (a) Fixed Assets
 - (b) Fictitious Assets
 - (c) Current Assets
 - (d) None of the above
- (6) In Common Size Income Statement Analysis _____ is assumed to be a hundred.
 - (a) Net Sales
 - (b) Net Profit
 - (c) Operating Profit
 - (d) None of the above
- (7) Operating Cost Ratio is a _____.
 - (a) Balance Sheet Ratio
 - (b) Revenue Statement Ratio
 - (c) Composite Ratio
 - (d) None of the above
- (8) Current Assets 1,80,000, Current Liabilities 90,000. The amount of Working Capital is _____.
 - (a) 90,000
 - (b) 1,80,000
 - (c) 2,70,000
 - (d) None of the above
- (9) Comparison of the performance of a company over a period of time on the basis of base year is known as _____.
 - (a) Cost Benefit Analysis
 - (b) Comparative Analysis
 - (c) Trend Analysis
 - (d) Common Size Analysis
- (10) _____ are the techniques of Capital Budgeting.

- (a) Payback Period
 (b) Accounting Rate of Return
 (c) Net Present Value
 (d) All of the above
- (11) The satisfactory level of the current ratio is _____.
 (a) 1:1
 (b) 3:1
 (c) 2:1
 (d) None of the above
- (12) _____ provides information about the financial position of the company.
 (a) Revenue statement
 (b) Cash flow statement
 (c) Balance sheet
 (d) None of the above

Q.1. (B) State whether the following statements are True or False.(attempt any 10) (10)

- (1) Net working capital means total current assets.
- (2) Cash flow and accounting profit are different.
- (3) Operating cycle = raw materials + work in progress + finished goods + debtors – creditors.
- (4) Liquid ratio is used to determine the company's long term solvency.
- (5) There is a time element involved in capital budgeting.
- (6) Outsiders contribution is not included in Proprietor's fund .
- (7) The amount of working capital over and above the permanent working capital is temporary working capital.
- (8) In trend analysis, the trend of each item is calculated on the basis of sales of the base year.
- (9) Capital budgeting decisions are long-term decisions.
- (10) Owners funds and borrowed funds are two constituents of the total funds of a company.
- (11) Net profit ratio is a measure of profitability.
- (12) Average stock is the total of opening and closing stock

Q.2. (A) Following is the Balance Sheet of RM Ltd. as on 31st March, 2014. (10)

Liabilities	₹	Assets	₹
Share Capital	150,000	Goodwill	20,000
Securities Premium	80,000	Machinery	1,00,000
General Reserve	60,000	Premises	2,40,000
Capital Reserve	20,000	Furniture	10,000
6% Govt. Loan	50,000	Govt. Bonds	8,000
Bank Loan (Long term)	35,000	Debtors	70,000
Bank Overdraft	1,10,000	Stock	80,000
Sundry Creditors	60,000	Cash at Bank	40,000
Provision for tax	20,000	Prepaid Expenses	12,000
		Preliminary Expenses	5,000
	5,85,000		5,85,000

Convert the above balance sheet in common size vertical form.

**(B) Following are the trading and profit and loss account of Chaitali Ltd. for the years ended 31st(10)
 March 2021 and 2022.**

Trading and Profit and Loss Account for the year ended 31st March

Particulars	2021	2022	Particulars	2021	2022
To Opening stock	125000	150,000	By Sales	250,000	400,000
To Purchases	2,00,000	4,00,000	By Closing stock	150,000	290,000
To carriage Inward	10,000	30,000			
To gross profit c/d	65,000	110,000			
Total	4,00,000	6,90,000	Total	400,000	690,000
To Office expenses	30,000	25,000	By gross profit b/d	65,000	110,000
To Selling expenses	15,000	30,000			
To Finance expenses	5,000	10,000			
To net profit c/d	15,000	45,000			
Total	65,000	110,000	Total	65,000	110,000

Prepare a comparative income statement from the above in vertical form.

(OR)

- Q.2 From the following prepare the trend revenue statement of Moon Limited after arranging in(20) vertical form.

Particulars	31-03-2020	31-03-2021	31-03-2022
Sales	2,00,000	2,50,000	2,60,000
Materials consumed	30,000	50,000	50,000
Direct wages	15,000	15,000	18,000
Gross Profit	?	?	?
Office Salaries	12,000	14,000	15,000
Office rent	3,000	4,000	5,000
Other Admin Expenses	4,000	5,000	5,000
Selling and Distribution Expenses	10,000	15,000	18,000
Bad debts	1,000	1,500	500
Debentures Interest	3,000	3,000	3,000
Dividend Received	4,000	4,000	4,000
Provision for tax	40%	40%	40%

- Q.3. Following is the Balance Sheet of M/s. XY Ltd. as on 31st March, 2022 (20)

Liabilities	₹	Particulars	₹
Equity share capital (Equity shares of ₹3 each)	300,000	Goodwill	40,000
5% Preference share capital	200,000	Land and Building	360,000
Securities Premium	10,000	Plant and Machinery	88,000
General Reserve	120,000	Furniture	6,000
Profit and Loss Account	34,000	Marketable Investments	160,000
11% Debentures	100,000	Sundry Debtors	140,000
Bank Loan	70,000	Inventory	120,000
Bank Overdraft	40,000	Prepaid Expenses	10,000
Sundry Creditors	120,000	Cash at Bank	80,000
Provision for tax (Current year)	20,000	Preliminary Expenses	10,000
	10,14,000		10,14,000

Other details for the year ended 31st March 2022 are as under:

Sales ₹13, 00,000(80% Credit)

Net Profit before tax ₹200,000

Purchases ₹660,000 (80% on credit)

Calculate:

1. Quick Ratio
2. Debt Equity ratio
3. Creditors Turnover ratio
4. Debtors Turnover ratio
5. Return on capital employed ratio
6. Net profit after tax ratio

(OR)

- Q.3. The following information is presented by Data and Sons Ltd. for the year 2016-17. (20)

Estimated Yearly Production = 30,000 units

Estimated Cost Sheet per unit

	₹
Raw Materials	5
Wages	3
Overheads	2
Selling Price	12

Further Information:

1. The company extends two months credit to the customers.
2. The company maintains one month's stock of raw materials.
3. The company maintains two month's stock of finished goods.
4. The processing period is half a month.
5. The company is allowed one month's credit by suppliers.
6. Wages and Overheads are paid one month in arrears.
7. The cash and bank balance is expected to be ₹ 8,125.
8. There is regular purchase, production and sales cycle.
9. During production process wages and overheads accrue evenly.
10. Debtors are to be calculated on sale price basis.

Prepare a statement of estimated Working Capital.

- Q.4.** Chetan Ltd. is considering a purchase of two machines – LPX machine and GPX machine are (20) available, each costing ₹500,000.

In comparing the profitability of machines, a discounted rate of 10% is to be considered.

Expected profits after tax and before depreciation are as follows:

Year	1	2	3	4	5
LPX machine profit	160,000	200,000	250,000	150,000	200,000
GPX machine profit	60,000	150,000	200,000	300,000	200,000

Indicate which machine would be more profitable under following methods:

1. Payback period method
2. Net present value method
3. Payback profitability

The net present value of ₹1 10% discounting factor is as follows:

Year	1	2	3	4	5
Present value factor	0.909	0.826	0.751	0.683	0.621

(OR)

- Q.4.** Asha Ltd. furnishes you the following financial statements for the year ended 31st March(20) 2017.

Balance sheet as at 31st March 2017

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	(600,000)
Reserves and Surplus	200,000	Net Block	44,00,000
Profit and Loss Account	600,000	Long term investments	550,000
12% Long term loans	12,00,000	A/cs Receivable (PY ₹ 600,000)	800,000
13% Public Deposits	600,000	Inventories (PY ₹900,000)	12,00,000
Accounts Payable (PY ₹ 900,000)	800,000	Cash and Bank Balance	200,000
Outstanding Expenses	100,000	Expenses paid in advance	50,000
Provision for Income tax	300,000	Advance Income tax	250,000
		Preliminary Expenses	50,000
	75,00,000		75,00,000

Profit and Loss Account for the year ended 31st March, 2017.

Particulars	₹	Particulars	₹
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To Cost of Goods Sold	63,00,000	By Sales	
To Gross Profit c/d	27,00,000	Cash	30,00,000
	90,00,000	Credit	60,00,000
To Administrative expenses	900,000	By gross profit	27,00,000
To Selling and Distribution expenses	700,000		
To Interest	222,000		
To Provision for income tax	300,000		
To Net profit c/d	578,000		
	27,00,000		27,00,000
To Transfer to reserves	78,000	By Balance b/f	100,000
To balance c/f	600,000	By Net profit	578,000
	678,000		678,000

You are required to calculate the following ratios from the above information and offer your comments on current ratio.

1. Current ratio
2. Net profit ratio (NPAT)
3. Return on capital employed
4. Debt service ratio
5. Stock turnover ratio
6. Creditors Turnover ratio
7. Debtors turnover ratio

NOTE: Vertical statement not expected.

Q.5. (A) Explain the meaning and functions of management accounting. (10)

(B) Distinguish between gross and net working capital (10)

(OR)

Q.5. Short notes (any 4) (20)

- (a) Distinguish between Financial accounting and Management accounting
- (b) Net present value
- (c) Operating Expenses
- (d) Working capital cycle
- (e) Capital budgeting process
- (f) Stock turnover ratio

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