



**SYBBI**

**Subject : Management Accounting**

**SEM-III**

**AY: 2019-20**

**[Time: 2 ½ Hours]**

**[Marks: 75]**

- Note:**
- 1) All questions are compulsory.
  - 2) Figures at right shows full marks for questions
  - 3) Use of simple calculator is permitted.
  - 4) Working notes should form part of answers.

Q.1(A) Match the following: (Answer any eight) (08)

A	B
1. Dividend	a) Performance Statement
2. Balance Sheet	b) Income Statement Ratio
3. Income Statement	c) Idle Funds
4. Work in Progress	d) Payout the profits to the owners of the firm
5. Solvency Ratio	e) Current Ratio
6. Net Profit Ratio	f) Current Assets
7. Gross Working Capital	g) Proportion between two figures
8. Large Working Capital	h) Position Statement
9. Ratio	i) Semi-Finished Goods
10. Bank overdraft	j) Not a quick liability

Q.1(B) State whether the following statements are true or false:(Answer any seven) (07)

- 1) Gross Working Capital = Current Assets – Current Liabilities
- 2) Management accounting is accounting in relation to management function.
- 3) All current liabilities are quick liabilities.
- 4) Income tax refund due is Quick Current Assets .
- 5) Stock is a liquid asset.
- 6) Bills payable is shown under quick liabilities.
- 7) Dividends are the cash flows return to the share holders.
- 8) Working capital is life blood of an organization
- 9) Equity fund includes debentures
- 10) Net profit ratio is a measure of profitability.

Q.2(A) Following are the Trading, Profit and Loss Account of Jupiter Ltd. for the year ended 31<sup>st</sup> March, 2019 and a Balance Sheet as on that date. (15)

**Trading, Profit & Loss Account**

Particulars	Rs.	Particulars	Rs.
To Opening Stock	31,000	By Sales	1,50,000
To Purchases	1,22,000	By Closing Stock	33,000
To Gross Profit	30,000		
	<b>1,83,000</b>		<b>1,83,000</b>



To Administrative Expenses	10,000	By Gross Profit	30,000
To Selling & Dist. Expenses	4,000		
To Interest	2,000		
To Net Profit	14,000		
	<b>30,000</b>		<b>30,000</b>

**Balance Sheet as at 31<sup>st</sup> March, 2019**

Liabilities	Rs.	Assets	Rs.
1200 Equity Shares of Rs.50 each	1,20,000	Fixed Assets	1,10,000
10% Debentures	20,000	Debtors	20,000
Reserves and Surplus	24,000	Bills Receivable	16,000
Bank Overdraft	7,000	Stock	33,000
Creditors	32,000	Cash	24,000
	<b>2,03,000</b>		<b>2,03,000</b>

**Calculate:**

- Stock Turnover Ratio
- Creditors Turnover Ratio (Assuming all purchases as credit purchases)
- Return on Capital Employed
- Current Ratio
- Quick Ratio
- Stock to Working Capital Ratio
- Debt Equity Ratio

**OR**

Q.2(B) From the given Revenue Statement and Balance Sheet of Gangotri Ltd. Calculate the following Ratios:

(15)

- Current Ratio
- Debt Equity Ratio
- Net Profit Ratio
- Creditors Turnover Ratio
- Debtors Turnover Ratio
- Average Collection Period
- Stock to Working Capital Ratio

**Revenue Statement**

Particulars	Rs.	Rs.
Sales		32,000
<b>Less: Cost of Goods Sold:</b>		
Opening Stock	5,000	
<b>Add: Purchases</b>	12,000	
Direct Labour	2,750	
	19,750	
<b>Less: Closing Stock</b>	(1,400)	(18,350)
Gross Profit		13,650





<b>Less: Operating Expenses:</b>		
Administrative Expenses	2,400	
Depreciation	1,400	
Selling Expenses	520	
Finance Expenses	<u>1,330</u>	<u>(5,650)</u>
Net Profit Before Taxation		8,000
<b>Less: Provision for Taxation</b>		<u>(2,800)</u>
Net Profit After Taxation		<u>5,200</u>

### Balance Sheet

Particulars	Rs.	Rs.	Rs.
<b>(I) SOURCES OF FUNDS</b>			
(A) Shareholders Funds:			
(1) Share Capital		10,000	
(2) Reserve and Surplus		<u>3,000</u>	13,000
(B) Long Term Borrowed Funds:			
(1) Secured Loans		24,000	
10% Debentures			
(2) Unsecured Loans			
5% Public Deposits		<u>3,000</u>	
<b>TOTAL</b>			<u>27,000</u>
<b>(II) APPLICATION OF FUNDS</b>			
(A) Fixed Assets			<u>40,000</u>
(B) Investments			
(C) Working Capital:			28,000
<u>Current Assets</u>	1,400		7,800
Inventories	4,000		
Receivables	<u>800</u>	6,200	
Cash/Bank			
<u>Less: Current Liabilities</u>	1,650		
Creditors		<u>2,000</u>	
Outstanding Expenses	<u>350</u>		
<b>TOTAL</b>			<u>4,200</u>
			<u>40,000</u>

Q.3(A) From the following information pertaining to Eicher Ltd. Prepare a statement showing the Working Capital Requirements. (15)

Budgeted Sales	Rs. 1,30,000 p.a.
<b>Analysis of Sales (Per Unit)</b>	<b>Rs.</b>
Raw Materials	6
Direct Material	8
Overhead	4
Total Cost	<u>18</u>
Profit	78
Sale Price	<u>2</u>



It is estimated that:

- a) Raw materials remain in stock for 3 weeks and finished goods for 2 weeks.
- b) Factory processing takes 3 weeks.
- c) Suppliers allow 6 weeks credit.
- d) Customers are allowed 8 weeks credit.

Assume that production and overheads accrue evenly throughout the year

**OR**

Q.3(B) You are required to prepare a statement showing the Working Capital required to finance the level of activity of 9,000 units per year from the following information.

(15)

	Per Unit(Rs.)
Raw Material	24
Direct Labour	6
Overheads	<u>18</u>
Total Cost	48
Profit	<u>12</u>
Selling Price	<u>60</u>

- a) Raw materials are in stock on an average for two months.
- b) Materials are in process on an average for half a month.
- c) Finished goods are in stock on an average for two months.
- d) Credit allowed by creditors is two months of raw material supplied.
- e) Credit allowed to debtors is three months.
- f) Lag in payment of wages is half month.
- g) Cash on hand and at Bank expected to be Rs.7,000.

You are informed that all activities are evenly spread out during the year.

Q.4(A) The following information is given for Dabur Ltd.

(15)

Earning per share	Rs.12
Dividend per share	Rs.3
Cost of Capital	18%
Internal rate of return on investment	22%
Retention Ratio	75%

Calculate the market price per share using:

- a) Gordon Model
- b) Walter Model

**OR**

Q.4(B) You are required to calculate the revised Share Capital for the following companies using the information below:

(15)

Sr. No.	Company	Existing Total Share Capital (Rs.)	Proportion of Equity capital to Preference Capital	Bonus Ratio
1.	W Ltd.	7,50,000	3:2	1:1
2.	X Ltd.	15,00,000	2:1	1:1
3.	Y Ltd.	25,00,000	1:1	2:1



4.	Z Ltd.	25,00,000	3:1	2:1
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Q.5(A) What do you mean by Ratio analysis ? Mention the various ways of expressing Ratios? (08)

Q.5(B) What are the factors determining working capital requirements of a manufacturing concern ? (07)

OR

Q.5(C) Write short notes (Any three) (15)

- 1) Tools of Management Accounting
- 2) Net Working Capital
- 3) Stock Split-Ups
- 4) Common Size Statement Analysis
- 5) Balance Sheet Ratios

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