

SYBBI sem III Reg / A.T.K.T. Exam Oct-2022  
S.Y.B.B.I SEM-III Management Accounting

Time: 2 ½ Hours

10/10/22

total marks: 75

- N.B: 1) All questions are compulsory with internal choice  
2) Figures at right indicates full marks for question.  
3) Use of simple calculator is permitted.  
4) Working notes should form part of your answer.



**Q1. (a) State whether the following statements are true or false (any seven)**

(7)

1. It is compulsory to transfer to reserve on the basis of dividend declared.
2. Sundry Debtors are classified as institutional debtors and individual debtors.
3. All current liabilities are quick liabilities.
4. Contingent liabilities appear in the Balance sheet.
5. Debtors may be valued at cost or at S.P.
6. Permanent working capital remains constant.
7. In Common size statement capital employed is considered equal to 100.
8. Overvaluation of opening stock increases gross profit.
9. A large sized organization required less working capital.
10. A business organization need not to have working capital

**Q.1. (b) Select the correct alternative and rewrite the sentences (any eight)**

(8)

1. Operational information is used by
  - a. Lower level Management
  - b. Middle Level Management
  - c. Top Level Management
  - d. None of the above
2. Common Size statement is also known as
  - a. Percentage statement
  - b. Most common Statement
  - c. 100% Statement
  - d. Small sizes statement
3. Stock Turnover ratio shows
  - a. Speed of movement of stock
  - b. Purchases
  - c. Sales
  - d. None of the above
4. Long Debt collection period indicates
  - a. Efficiency in Debt Collection
  - b. Efficiency of Credit Department
  - c. Inefficiency in debt collection
  - d. None of the above
5. Longer period of credit allowed by creditors
  - a. Reduces working capital requirement
  - b. Increases working capital requirement
  - c. nullifies working capital requirement
  - d. None of the above
6. Dividend are payments which are
  - a. Voluntary
  - b. Obligatory
  - c. Non- obligatory
  - d. Occasional
7. Net working capital is equal to
  - a. Excess of fixed assets over current assets
  - b. Excess of current assets over current liabilities
  - c. excess of share capital over loans
  - d. None of the above

8. Sale of goods on cash basis
- Reduces working capital requirement
  - Increases working capital requirement
  - nullifies working capital requirement
  - None of the above
9. Dividend is payable to
- Shareholders
  - Creditors
  - Stock holders
  - Managers
10. The use of Management Accounting is
- Mandatory
  - Compulsory
  - Optional
  - All of the above.

Q.2. following is the Balance Sheet of M/s. XY Ltd as on 31<sup>st</sup> March, 2022

(15)

c. Liabilities		₹	Assets		₹
Equity Share capital (equity shares of ₹ 3 each)	3,00,000		Goodwill		40,000
5% Preference Shar capital	2,00,000		Land and Building		3,60,000
Securities Premium	10,000		Plant and Machinery		88,000
General reserve	1,20,000		Furniture		6,000
Profit and Loss Account	34,000		Marketable Investments		1,60,000
11% debentures	1,00,000		Sundry Debtors		1,40,000
Bank Loan	70,000		Inventory		1,20,000
Bank Overdraft	40,000		Prepaid expenses		10,000
Provision for Taxation (Current year)	20,000		Cash at Bank		80,000
	<u>1,20,000</u>		Preliminary Expenses		10,000
Sundry creditors	<u>10,14,000</u>				<u>10,14,00</u>

Other details for the year ended 31<sup>st</sup> March 2022 are as under:

Sales ₹ 13,00,000 (80% on credit)

Net profit Before Tax ₹ 2,00,000

Purchases ₹ 6,60,000 (80% on credit)

- Calculate:
- Quick Ratio
  - Debt equity Ratio
  - Creditors Turnover Ratio
  - Debtors Turnover ratio
  - Return on Capital employed Ratio
  - Net Profit after Tax Ratio

OR



**Q.3.** The following information regarding Gemini Ltd. For the year ended 31<sup>st</sup> March, 2022 is given to you

(15)

Liabilities	₹	Assets	₹
Equity Share Capital	3,00,000	Goodwill	40,000
Securities Premium	10,000	Land	1,60,000
General Reserve	1,20,000	Plant	88,000
Profit & Loss account	34,000	Furniture	6,000
11% Debentures	1,00,000	Trade Investments	1,60,000
Bank Loan	70,000	Amount Receivables	1,40,000
Bank Overdraft	40,000	Inventories	1,20,000
Sundry Creditors	1,20,000	Prepaid expenses	10,000
Provision for Taxation	20,000	Cash at Bank	80,000
		Preliminary Expenses	10,000
	<u>8,14,000</u>		<u>8,14,000</u>

Prepare Common Size Balance Sheet Statement in Vertical Form for the above Data.

**Q.4.** Nysha Manufacturing company gives the following details. Estimated level of activity 26,000 units of production for the year 2019-20

Raw Material	₹20
Wages	₹ 8
Overheads	₹ 16
Selling Price	₹ 50

Further information:

1. Raw Materials are in stock 4 weeks consumption
2. W-I-P 2 weeks
3. Finished Goods in stock 2 weeks
4. Credit allowed by suppliers 2 weeks.
5. Credit allowed to Debtors 3 weeks
6. Lag in payment of wages and overheads 1 week.
7. Cash at bank for smooth operation is expected to be ₹ 24,000.
8. Provide for safety of margin at 10%
9. 25% purchases and 20% sales are against cash.

You are required to prepare statement showing working capital requirements for the year 2019-20

OR

(15)

**Q.4.** Foods Ltd. Is presently operating at 60 per cent level, producing 36,000 packets of snack food and proposes to increase its capacity utilization in the coming year by 33.33 per cent over the existing level of production. The following data has been supplied:

i) Unit cost structure of the product at current level :	₹
Raw Material	4
Wages (Variable)	2
Overheads	2
Fixed Overhead	1
Profit	3
Selling Price	12

- ii) Raw material will remain in stores for 1 month before being issued for production. Material will remain in process for further 1 month. Suppliers grant 3 months credit to the company.
- iii) Finished goods remain in godown for 1 month.

**Q.2.** Following is the Revenue of Z and Co. Ltd for the year ended 31<sup>st</sup> March, 2021  
Dr.

**(15)**  
Cr.

Particulars	₹	Particulars	₹
To Opening stock	54,300	By sales	8,00,000
To purchases	3,27,150	By Closing Stock	44,000
To Carriage Inward	8,550	By Interest on Investment	5,400
To Office expenses	90,000		
To Sales expenses	27,000		
To Administrative expenses	12,000		
To Interest	8,000		
To Depreciation on Plant & machinery	2,000		
To Depreciation on other Fixed assets	2,000		
To Provision for income tax	16,000		
To Loss on sale of Fixed assets	2,400		
To Net Profit	<u>3,00,000</u>		
	<u>8,49,400</u>		<u>8,49,400</u>

From the above calculate:

- 1) Gross Profit Ratio
- 2) Office and Administration ratio
- 3) Selling and Distribution expenses Ratio
- 4) Operating expenses ratio
- 5) Operating cost Ratio
- 6) Net Profit Before Tax ratio
- 7) Stock Turnover ratio

**Q.3.** Following are the details regarding three companies A Ltd, B Ltd, and c Ltd.

**(15)**

	A Ltd.	B Ltd.	C Ltd.
Internal Rate of Return	15%	5%	10%
Cost of Equity Capital	10%	10%	10%
Earning per Share	₹ 8	₹ 8	₹ 8

Calculate value of an equity share of each of these companies as per Walter's Model when the dividend payout ratio is:

- a) 50%
- b) 75% and
- c) 25%

What conclusion do you draw?

**OR**



iv) Debtors are allowed credit for 2 months.

v) Average time-lag in wages and overhead payments is 1 month and these expenses accrue evenly throughout the production cycle.

vi) No increase either in cost of input or selling price is envisaged.

Prepare a projected profitability statement and a statement showing working capital requirement at the new level, assuming that a minimum cash balance of ₹ 19,500 has to be maintained.

**Q.5.** (a) Discuss various Factors Determining Dividend Policy

(07)

(b) Briefly explain features of Management accounting.

(08)

**OR**

**Q.5.** Write a short note (any three)

(15)

1. Walter & Gordon Modell
2. Balance sheet Ratios
3. Free Reserves
4. Sources of Working Capital
5. Tax aspects of dividend decision