

S-Y. BFM - SEM III - A.T.K.T. - Feb'20

M.A.

11.2.20



TIME: 2 ½ hours

Management Accounting

MARKS: 75

Note: All questions are compulsory, subject to internal choice.

Figures to the right indicate full marks.

Use of simple calculator allowed.

(A) State whether the following are true or false: (Any 8)

(8)

1. Management accounting does not deal with controlling function.
2. Bills payable is shown under Quick Liabilities.
3. Excess of sales over cost of goods sold is gross profit.
4. Owned funds and owed funds are the same.
5. Common size statement expresses each monetary item of Financial Statements as a percentage.
6. The firms short term solvency is indicated by its current ratio.
7. Acid test ratio is calculated to find out the efficiency of collection department.
8. According to AS-3; a cash flow statement has to be presented in "T" form.
9. Changes in working capital are considered while calculating cash from Investing activities.
10. Working capital is estimated for the previous financial year.

(B) Match the Columns: (Any 7)

(7)

Column A	Column B
1. Balance Sheet	a. Within
2. Intra-Firm Comparison	b. Position statement
3. P/E Ratio	c. Earnings before Interest, Taxes, Depreciation and Amortisation
4. Income Statement	d. Performance statement
5. Trend Analysis	e. Between
6. Inter-Firm Comparison	f. Financing Activities
7. EBITDA	g. Price Earnings Ratio
8. Paying shareholders dividend	h. Investing Activities
9. Selling a piece of equipment	i. Multiple Time Period
	j. Operating Activities

Q2.A. From the following financial statement of Glen Ltd, prepare a Common size financial statement in Vertical form and offer your comments in brief:

(15)

Particulars	Amt (Rs)	Particulars	Amt (Rs)
To opening stock	93,000	By sales	15,50,000
To purchases	9,61,000	By closing stock	1,24,000
To wages	3,10,000		
To gross profit	3,10,000		
	16,74,000		16,74,000
To admin expenses	93,000	By gross profit	3,10,000
To selling expenses	46,500	By non-operating income	77,500
To distribution exp	15,500		
To provision for tax	93,000		
To proposed dividend	38,750		
To net profit	1,00,750		
	3,87,500		3,87,500

OR

Q2B. Balance Sheet as on 31st March, 2017 of Cashless Company Ltd.

(15)

Liabilities	Amt (Rs)	Assets	Amt (Rs)
Equity Share Capital	3,00,000	Goodwill	80,000
Reserves & Surplus	1,50,000	Land	1,50,000
10% Mortgage loan	2,15,000	Plant & machinery	2,00,000
Sundry creditors	1,30,000	Patent rights	21,500
Bank overdraft	40,000	Stock in trade	1,43,500
Provision for tax	35,000	Sundry debtors	2,40,000
		Cash in hand and at bank	15,000
		Preliminary expenses	20,000
Total	8,70,000	Total	8,70,000

You are required to convert the above Balance Sheet in vertical form and calculate:

- | | |
|-----------------------|--------------------------|
| (i) Owners Fund | (iv) Fixed Assets |
| (ii) Debt Funds | (v) Total funds employed |
| (iii) Working Capital | (vi) Quick assets |

Q3.A. From the following Balance Sheet of a company, ascertain Current Ratio, Liquid ratio, Capital-Gearing ratio, Proprietary ratio and Stock Working Capital ratio and offer brief comments for both the years: (15)

Balance sheet as at _____

Liabilities	2011(Rs)	2012 (Rs)	Assets	2011(Rs)	2012 (Rs)
Equity Share Capital	1,00,000	1,50,000	Fixed assets	1,62,000	2,74,000
6% Pref. Share capital	50,000	80,000	Current assets:		
Reserves	30,000	50,000	Stock	22,000	43,000
7% Debentures	20,000	50,000	Debtors	51,000	62,000
Creditors	34,000	62,000	Bills receivables	2,000	3,000
Tax provision	15,000	10,000	Bank	12,000	20,000
	2,49,000	4,02,000		2,49,000	4,02,000

OR

Q3.B. Following is the summarized Balance Sheet and Revenue Statement of BMW Ltd for the year ended 31st march, 2014. (15)

Balance Sheet

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Share capital	80,000	Fixed assets	75,000
Reserves	20,000	Current Assets	1,00,000
10% Debentures	25,000		
Current Liabilities	50,000		
	1,75,000		1,75,000

Revenue statement for the year ended 31st March, 2014

Particulars	Amount (Rs)
Sales	2,00,000
Less: Cost of Sales	1,10,000
Gross Profit	90,000
Less: Operating expe	60,000
Net Profit before Tax	30,000
Less: Tax	15,000
Profit after Tax	15,000
Less: Dividend	8,000
Retained earnings	7,000

You are required to calculate the following ratios after converting the Balance Sheet in vertical form:

- (i) Proprietary ratio (ii) Capital Gearing ratio (iii) Gross Profit Ratio (iv) Return on Proprietors Equity ratio (v) Net Profit Ratio (vi) Current ratio

Q4.A. The summarized Balance Sheet of Ronak Ltd. Prepare cash flow statement of Ronak Ltd for the year ended 31st March,2018 (15)

Liabilities	2017	2018	Assets	2017	2018
Share capital	2,50,000	3,00,000	Goodwill	50,000	40,000
Reserves	1,69,000	1,51,000	Land & Building	2,50,000	2,75,000
Debenture	2,50,000	3,00,000	Plant & Machinery	3,00,000	3,70,000
Bank loan	80,000	1,00,000	Investments	40,000	50,000
Creditor	40,900	50,700	Stock	30,000	40,000
Proposed dividend	35,000	40,000	Debtors	62,000	62,500
Provision for tax	40,000	55,500	Cash balance	12,000	10,000
			Bank balance	1,20,900	1,50,200
	8,64,900	9,97,700		8,64,900	9,97,700

Other information:

- 1) The company paid tax for Rs 45,000 during the year
- 2) Depreciation was charged on land and building and plant & machinery for Rs 10,000 and Rs 15,000 respectively
- 3) Investment amounting to Rs 10,000 was sold for Rs 12,000 during the year.

From the following financial statements prepare cash flow statement of Ronal Ltd for the year ended 31st March,2018.

OR

Q4. A Radhika Manufacturing Limited presents the following information for 2016-17. (15)

Estimated yearly production and Sales = 60,000 units

Estimated cost elements per unit.

Raw materials	Rs 5
Labour	Rs 3
Overheads	<u>Rs 2</u>
Total cost	Rs 10
Profit	<u>Rs 2</u>
Selling Price	Rs 12

The additional information is available:

1. The company extends two months credit to the debtors
2. The company maintains one month's stock of Raw material
3. The company maintains one month's stock of Finished goods
4. The processing period is one month
5. The company is allowed two months credit by suppliers
6. Wages and Overheads are paid one month in arrears
7. The cash and bank balance is expected to be equal to Rs 25,000
8. There is a regular purchase, production and sales cycle.
9. During production process wages and overheads accrue evenly.
10. 20% of the customers pay one month in advance.

Prepare a statement showing an estimate of working capital.

Q5. A) Explain the scope of Management Accountants (8)

B) Explain the factors relevant for estimation of working capital. (7)

OR

Q5. Short Notes on: (Any 3) (15)

1. Cash flow from Operating activities.
2. Qualities of Management Accountant
3. Limitations of Ratio analysis.
4. Difference between Comparative and Common-size statements.
5. State parties interested in financial statements.