

- Note**
1. All questions are compulsory, subject to internal choice.
 2. Figures to the right indicate full marks.
 3. Use of simple calculator allowed.



Q1. Objective Questions:

(15 marks)

Q 1 (A) Choose the correct word and rewrite the entire sentence (Any 8)

(8 marks)

1. The focus of management accounting is on ____
 (a) Tax Planning (b) Tax evasion (c) Internal Reporting (d) External Reporting
2. Financial Accounting records only ____
 (a) Actual figures (b) Budgeted figures (c) Standard figures (d) Overall figures
3. Strategic information is used by ____
 (a) Senior Management (b) Middle Management (c) Lower Management (d) Director
4. Stock is a ____
 (a) Current asset (b) Fictitious asset (c) Fixed Asset (d) Quick assets
5. Bank overdraft is not a ____
 (a) Urgent liability (b) Quick liability (c) Current liability (d) Liability
6. Percentage Increase / Decrease / method of preparation of ____
 (a) Balance sheet (b) Income statement (c) Comparative statement (d) Common size statement
7. Liquid Ratio lower than 1:1 indicates ____
 (a) Bad profitability (c) Good solvency position
 (b) Good immediate solvency position (d) Bad liquidity position
8. Cash received from sale of machinery is treated as cash inflow from ____
 (a) Is ignored (b) Financing activities (c) Operating activities (d) Investing activities
9. Dividend paid causes cash flow from ____
 (a) Extra-ordinary activities (b) Financing activities (c) Operating activities
 (d) Investing activities
10. Seasonal working capital is ____
 (a) permanently required (b) fluctuating in nature (c) Is Ignored
 (d) required to meet seasonal needs of the organization

Q.1.(B) Match the Columns: (Any 7)

(7 marks)

Column A	Column B
1. Debt-Equity ratio	a. Composite ratio
2. Goodwill	b. Pure ratio
3. Liquid ratio	c. Balance Sheet ratio
4. Debtors Turnover ratio	d. Percentage
5. Gross Profit ratio	e. Revenue Statement ratio
6. Operating ratio	f. Intangible ratio asset
7. Cash payments to acquire intangible assets	g. Investing Inflow
8. Cash received issue of shares	h. Investing Outflow
9. Repayment of borrowed amount	i. Financing Inflow
10. Cash receipts from sale of intangible assets	j. Financing Outflow

Q 2A The following items appear in the financial statements of Ritu Ltd. as on 31st December, 2017. (15 marks)

Particulars	Rs	Particulars	Rs
Cash	48,600	Debentures	2,80,000
Land & Building at cost	8,00,000	Bank Loan	52,000
Debtors	62,000	Equity Share Capital	10,00,000
Stock	2,92,800	Profit & Loss a/c	2,17,000
Creditors	4,05,750	O/s expenses	86,250
Share Premium	1,00,000	Trade Investments	30,000
Bills Receivable	5,23,000	Advance Tax	1,00,000
Prepaid expenses	32,600	Provision for taxation	2,64,000
Bills Payable	28,000	Plant & Machinery at cost less depn	5,44,000

You are required to arrange the above items in the form of Vertical Balance Sheet and determine: (i) Current assets (ii) Fixed assets (iii) Current liabilities (iv) Working capital (v) Proprietor's fund (vi) Quick assets.

Q 2 B Prepare Comparative Balance Sheet as on 31st December 2014 & 2015 of M/s Amita Ltd. (15 marks)

Particulars	2014 Rs	2015 Rs	Particulars	2014 Rs	2015 Rs
Share Capital	10,000	15,000	Leasehold Premises	8,000	7,500
Securities Premium	6,000	1,000	Plant & Machinery	4,200	8,500
Profit & Loss a/c	500	3,000	Furniture & Fixture	900	800
Bank overdraft	-	6,500	Investment	600	1,200
Mortgage Loan	-	4,000	Debtors	2,750	9,450
Provision for Tax	1,000	1,500	Stock	4,650	7,725
Outstanding expenses	3,000	2,000	Bank Balance	200	725
Bills Payable	1,200	3,200	Preliminary expenses	400	300
	21,700	36,200		21,700	36,200

You are required to prepare Comparative Financial Statements in vertical form and offer your comments.

Q 3 A Following is the Balance Sheet of ABCD Ltd as on 31st March 2015 together with supplementary information for the year ended on that date: (15 marks)

Balance Sheet of ABCD Ltd as on 31st March, 2015

Liabilities	Rs	Assets	Rs
Paid up capital	3,50,000	Computer Software	50,000
Securities premium	20,000	Building	2,00,000
Profit & Loss a/c	1,02,000	Furniture	42,000
Bank overdraft	15,000	Stock	93,000
Sundry creditors	58,000	Sundry debtors	1,75,000
Provision for tax	15,000		
	5,60,000		5,60,000

Additional Information: Sales for the year – Rs 10,50,000

Gross Profit – Rs 2,50,000

Opening Closing stock – 1,07,000

You are required to calculate the following ratios: (1) Current Ratio (2) Liquid Ratio (3) Proprietary Ratio (4) Stock turnover ratio (5) Debtors turnover ratio

OR

Q 3 B Following is the Balance Sheet of Manisha Ltd.

(15 marks)

Balance Sheet of Manisha Ltd as on 31st March, 2013

Liabilities	Rs	Assets	Rs
Equity share capital	2,00,000	Goodwill	70,000
8% Preference Share capital	2,00,000	Land & Building	4,40,000
16% Debentures	80,000	Plant & Machinery	2,00,000
15% Bank Loan	40,000	Furniture	60,000
Reserves	3,00,000	Investments	40,000
Creditors	1,20,000	Debtors	1,40,000
Bank overdraft	80,000	Prepaid insurance	20,000
Outstanding rent	14,000	Stock	60,000
Provision for tax	40,000	Cash in hand	14,000
Proposed dividend	20,000	Cash at bank	70,000
Profit & Loss a/c	40,000	Preliminary expenses	20,000
	11,34,000		11,34,000



You are required to calculate (1) Proprietary ratio (2) Capital Gearing Ratio (3) Debt-Equity ratio (4) Current Ratio (5) Acid test ratio

Q 4 A The board of directors of Madhu Ltd request you to prepare a statement showing the working capital requirements forecast for a level of activity of 1,56,000 units of production per year. The following information is available for your calculation:

(15 marks)

Per Unit Rs

Raw Materials -----	90
Labour -----	40
Overhead-----	75
Total Cost ----	205
Profit -----	60
Selling Price ---	265

Following further particulars are available:

- Raw Material are expected to remain in the stock for an average period of 1 month before issue to production
- Finished goods are to stay in the warehouse for 1 month on the average before being sold and sent to customers
- Materials are in process for two weeks on an average
- Credit allowed by suppliers from the date of delivery of materials is 1 month
- Debtors are allowed 2 months credit from the date of the sale of the goods
- Time lag in payment from debtors two months
- Time lag in payment of wages 1 ½ weeks

20% of the output is sold against the cash. Cash in hand and at bank is expected to be Rs 60,000. It is assumed that production is carried on evenly throughout the year.

Prepare an Estimate of Working Capital requirements.

OR

Q 4 B The following details relate to the accounts of M/s Goldy Ltd. Prepare Cash Flow Statement under Indirect Method:

(15 marks)

Liabilities	31-3-20	31-3-21	Assets	31-3-20	31-3-21
	(₹)	(₹)		(₹)	(₹)
Share capital	8,00,000	10,00,000	Plant & Machinery	5,00,000	7,00,000
Reserves & Surplus	1,50,000	2,00,000	Land & Building	4,00,000	6,00,000

Profit & Loss A/c	60,000	1,00,000	Investments	-	1,00,000
Debentures	-	2,00,000	Sundry debtors	7,00,000	5,00,000
Provision for taxation	70,000	1,00,000	Stock	2,00,000	4,00,000
Proposed dividend	1,00,000	2,00,000	Cash on Hand/Bank	2,00,000	2,00,000
Sundry Creditors	8,20,000	7,00,000			
	20,00,000	25,00,000		20,00,000	25,00,000

Additional information:

1. Depreciation @ 25% was charged on the opening value of Plant & Machinery
2. During the year one old machinery costing Rs 50,000 (WDV 20,000) was sold for Rs 35,000
3. Rs 50,000 was paid towards income tax during the year
4. Building under construction was not subject to depreciation

Q 5 A Explain the various modes of expression of ratios. *(7 marks)*

Q 5 B What are Financial Statements and who are the various users of financial statements *(8 marks)*

OR

Q 5 C Write Short notes (Any 3) *(15 Marks)*

1. Difference between Owned funds and Owed funds
2. Factors determining working capital requirement
3. 5 windows of Vertical Balance Sheet
4. Cash Flows from Operating and Investing Activities
5. Trend Analysis