

**MALINI KISHOR SANGHVI COLLEGE OF COMMERCE & ECONOMICS**

Time : 3 Hours

Total Marks : 100

**N.B.**

1. Figures in brackets to the right indicate full marks allotted to the question.
2. Working Notes should form part of your answers.
3. All questions are compulsory, although these are internal options in case of questions 02 to 05.
4. Use of simple calculator is allowed.

**Q.1.(A) Select the most appropriate answer : (Any Ten)****(10 Marks)**

1. The basic function of management accounting is \_\_\_\_\_  
 (a) To serve Government  
 (b) To serve the management in performing its function effectively  
 (c) To serve the public
2. In the vertical Balance Sheet, Bank Overdraft is considered as \_\_\_\_\_  
 (a) Current Asset  
 (b) Current Liability  
 (c) Fixed Asset
3. \_\_\_\_\_ expresses all items of a financial statement as a percentage of some measure of the company.  
 (a) Common size statement  
 (b) Comparative statement  
 (c) Trend statement
4. Satisfactory level of Current Ratio is \_\_\_\_\_  
 (a) 1 : 1  
 (b) 3 : 1  
 (c) 2 : 1
5. \_\_\_\_\_ shows how many times per period the company pays its average payable amount.  
 (a) Creditors Turnover Ratio  
 (b) Debtors Turnover Ratio  
 (c) Stock Turnover Ratio
6. If cash flows are not uniform, the calculation of payback period takes a \_\_\_\_\_  
 (a) Common profit  
 (b) Favourable position  
 (c) Cumulative form
7. The current worth of a sum of money to be received at a future date is called \_\_\_\_  
 (a) Future value  
 (b) Present value  
 (c) Salvage value
8. Total cash outflow is Rs. 85,000 and present value of total cash inflow is Rs. 75,000. The net present value is \_\_\_\_\_  
 (a) Rs. 10,000  
 (b) Rs. (-) 10,000  
 (c) Rs. 2,000
9. Using Profitability index, the preference rule for selection of the machine is \_\_\_\_  
 (a) The lower profitability index  
 (b) the higher profitability index  
 (c) both (a) and (b)
10. Operating cycle refers to the time required to convert the \_\_\_\_\_ to be converted into products and the time it takes for those products to be sold and turned back into cash.  
 (a) Cash  
 (b) Assets  
 (c) Liabilities

11. Inventory is Rs. 20,000 and average stock held is Rs. 4,000. The stock holding period for 360 days in a year is \_\_\_\_\_  
 (a) 72 days (b) 180 days  
 (c) 5 days
12. \_\_\_\_\_ provides information about financial position of the company.  
 (a) Revenue statement (b) Cash flow statement  
 (c) Balance sheet

**Q.1.(B) State whether the following statements are TRUE or FALSE : (Any Ten) (10 Marks)**

1. Financial statements of a company prepared at the end of the financial year provide information only to the owners of the business.
2. Combined ratios show the relationship between two figures which are taken from the Balance Sheet only.
3. Depreciation is a cash business expenditure.
4. Working capital means Net Current Assets.
5. Capital Budgeting decisions are long term investment decisions.
6. Trend Analysis shows the trend in the performance and position of an organization.
7. When the comparison of financial data is over a number of accounting years relating to one company only it is called as inter company analysis.
8. In preparing the estimate of Working Capital, Debtors cannot be valued at cost.
9. Permanent Working Capital remains constant.
10. Net Profit Ratio is a measure of profitability.
11. Payback Method is a modern technique of Capital Budgeting.
12. Public Deposit accepted by a company are a part of Shareholders Fund.

**Q.2.(A)**

**(10 Marks)**

Complete the following comparative Income Statement of Supriya Ltd. by ascertaining the missing Figures.

Particulars	2015 Rs.	2016 Rs.	Increase / (Decrease) in Rs.	% of Increase / (Decrease)
Sales	-	-	2,00,000	100
Cost of Goods Sold	-	1,80,000	1,20,000	200
Gross Profit	-	-	-	-
Operating Expenses	40,000	-	-	120
Operating Profit	-	-	-	-
Non-operating Income	-	-	3,000	30
Non-operating Expenses	5,000	-	Nil	Nil
Net Profit Before Tax	-	-	-	-

OR

Q. 2(B)

(10 Marks)

From the following information of Ganesh Ltd. Prepare common size Balance Sheet in Vertical Form as on 31<sup>st</sup> March, 2016.

Particulars	Rs.
Fixed Assets	1,50,000
Net Worth	1,50,000
Loan Fund	?
Working Capital	1,00,000
Total Capital Employed	2,50,000
Current Liabilities	1,00,000

OR

Q. 2(C)

(20 Marks)

Prepare a Comparative Revenue Statement in Vertical Form from the following details :

**Nilkamal Ltd.**

**Profit & Loss A/c for the year ended 31<sup>st</sup> March**

Particulars	2014 Rs.	2015 Rs.	Particulars	2014 Rs.	2015 Rs.
To Opening Stock	2,25,000	3,00,000	By Sales	45,00,000	60,00,000
To Purchases	22,50,000	32,10,000	By Closing Stock	3,00,000	3,60,000
To Interest on Deb.	1,50,000	1,50,000	By Dividend	12,000	39,000
<b>To Depreciation :</b>			By Profit on Sale of Machinery	24,000	-
Furniture	15,000	15,000			
Machinery	36,000	30,000			
To Administrative Expenses	2,94,000	4,41,000			
To Selling Expenses	4,56,000	7,53,000			
To Carriage Outward	75,000	3,15,000			
To Loss by Fire	-	15,000			
To Wages	1,95,000	3,00,000			
To Provision for Tax	5,70,000	4,35,000			
To Net Profit	5,70,000	4,35,000			
	48,36,000	63,99,000		48,36,000	63,99,000

Q.3.(A)

(20 Marks)

Compute the missing amounts and percentages to complete the following Trend Analysis Statement of Anand Ltd.

**Summarised Profit and Loss A/c  
For the years ended 31<sup>st</sup> March,**

Particulars	Amount (Rs. '000)				Trend Percentages (%)			
	2013	2014	2015	2016	2013	2014	2015	2016
Net Sales	?	?	?	11,200	?	120	140	160
Operating Cost	?	?	6,000	6,500	?	110	120	?
Operating Net Profit	?	?	?	?	?	?	?	?
Non-Operating Income	?	?	150	?	?	1.020	150	280
Non-Operating Expenses	200	?	150	230	?	60	?	?
Profit before Interest & Tax	?	?	?	?	?	?	?	?

Interest	?	110	200	160	?	?	200	?
Profit Before Tax (PBT)	?	?	?	?	?	?	?	?
Tax @ 50% of PBT	?	?	?	?	?	?	?	?
Profit After Tax (PAT)	?	?	?	?	?	?	?	?
Proposed Dividend	?	?	?	1,175	?	?	200	235
Balance c/f	?	760	?	?	?	?	?	?

Note : Base Year = Year ended on 31<sup>st</sup> March, 2013.

OR

Q. 3(B)

(20 Marks)

You are supplied with the following information in respect of Choice Ltd. for the ensuing year :

Production of the year, 69,000 units. Finished goods in store, 3 months.

Raw material in store, 2 months consumption. Production process, 1 months.

Credit allowed by creditors, 2 months. Credit given to debtors, 3 months.

Selling price per unit, Rs. 50. Raw material, 50 per cent of selling price.

Direct wages, 10 per cent of selling price.

Manufacturing and administrative overheads, 16 percent of selling price.

Selling overheads, 4 percent of selling price.

There is a regular production and sales cycle and wages overheads accrue evenly. Wages are paid in the next month of accrual. Material is introduced in the beginning of the production cycle.

You are required to ascertain its working capital requirement.

Q.4.(A)

(20 Marks)

Asha Ltd. furnishes you following statements of the year ended 31<sup>st</sup> March, 2016.

**Balance Sheet**

**As at 31<sup>st</sup> March, 2016**

Equity & Liabilities	Rs.	Assets	Rs.
Equity Share Capital (Rs. 10 each)	20,00,000	Fixed Assets (at Cost)	50,00,000
8% Preference Share Capital	10,00,000	Less : Depreciation Provision	(6,00,000)
Reserve and Surplus	2,00,000	Net Block	44,00,000
Profit and Loss A/c	6,00,000	Long Term Investments	5,50,000
12% Long Term Loans	12,00,000	A/c Receivable (P.Y. Rs. 6,00,000)	8,00,000
13% Public Deposits	6,00,000	Inventories (P. Y. Rs. 9,00,000)	12,00,000
A/c Payable (PY Rs. 9,00,000)	8,00,000	Cash and Bank Balance	2,00,000
Outstanding Expenses	1,00,000	Expenses paid in Advance	50,000
Bank Overdraft	7,00,000	Advance Income Tax	2,50,000
Provision for Income Tax	3,00,000	Preliminary Expenses	50,000
	75,00,000		75,00,000

**Profit & Loss A/c**

**For the year ended 31<sup>st</sup> March, 2016**

Particulars	Rs.	Particulars	Rs.
To Cost of Goods Sold	63,00,000	By Sales : Cash	30,00,000
To Gross Profit c/d	27,00,000	By Sales : Credit	60,00,000

	90,00,000		90,00,000
To Administrative Expenses	9,00,000	By Gross Profit b/d	27,00,000
To Selling and Distribution Expenses	7,00,000		
To Interest	2,22,000		
To Provision for Income Tax	3,00,000		
To Net Profit c/d	5,78,000		
	27,00,000		27,00,000
To Transfer to Reserves	78,000	By Balance b/f	1,00,000
To Balance c/f	6,00,000	By Net Profit b/f	5,78,000
	6,78,000		6,78,000

From the following information you are required to calculate the following ratios and offer your comments on Current Ratio.

- (i) Current Ratio
- (ii) Net Profit (NPAT) Ratio
- (iii) Return on Capital Employed
- (iv) Debt Service Ratio
- (v) Stock Turnover Ratio
- (vi) Creditors Turnover Ratio
- (vii) Debtors Turnover Ratio

**Note :** Vertical statements not expected.

**OR**

**Q.4 (B)**

**(20 Marks)**

F Ltd. is considering the purchase of a machine. Two models, Model A and Model B are available each costing Rs. 1,50,000.

Cash Inflows are expected as follows :

Year	Model A (Rs.)	Model B (Rs.)
1	45,000	15,000
2	60,000	45,000
3	75,000	60,000
4	45,000	90,000
5	60,000	60,000
6	40,000	50,000
7	30,000	30,000

With the discount factor of 12% discount factor.

Year	1	2	3	4	5	6	7
Present Value	0.893	0.797	0.712	0.636	0.567	0.507	0.452

Indicate the selection of the machine by applying.

1. Payback period.
2. Net Present Value at 12% discount factor.
3. Profitability Index

**Q.5. Answer the following :**

- (A) Explain the Functions of Management Accounting. **10 Marks**  
(B) Discuss the Concept of Working Capital Requirement. **10 Marks**

**OR**

**Q.5. Write Short Notes (Any 4)**

**20 Marks**

- (1) Valuation of Fixed Assets
- (2) Net Worth
- (3) Common Size Statements
- (4) Owed Funds
- (5) Wasting Assets
- (6) Objectives of Financial Statement Analysis

\*\*\*\*\*