

SYBBI sem III Reg & A.T.K.T. Exam Oct-2019.

SYBBI

Subject : Management Accounting

SEM-III

AY: 2019-20

09/10/19.

[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. Management Accounting	a) Current liability
2. Reports of Management	b) Current Assets
3. Unclaimed Dividend	c) Proportion between two figures
4. Marketable Investments	d) Future oriented
5. Live Stock	e) Liquid Ratio
6. Ratio	f) Current Ratio
7. Acid Test Ratio	g) 2:1
8. Short term Solvency	h) Methods of estimating Working Capital
9. Debt Equity	i) Optional
10. Operating Cycle	j) Fixed Assets

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

- 1) Trading organisation requires less working capital.
- 2) Credit granted by supplier reduces working capital.
- 3) Dividend is paid in cash.
- 4) Liquidity has no effect on dividend policy.
- 5) Analysis is must for interpretation.
- 6) Common size statement is a vertical analysis.
- 7) Operational information is used by lower level management.
- 8) Stock is a liquid asset.
- 9) Higher stock turnover means higher cost of goods sold.
- 10) Owners fund and owed funds are the same.

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

Trading, Profit & Loss Account

Particulars	Rs.	Particulars	Rs.
To Opening Stock	15,500	By Sales	75,000
To Purchases	61,000	By Closing Stock	16,500
To Gross Profit	15,000		
	91,500		91,500
To Administrative	5,000	By Gross Profit	15,000

Expenses	2,000		
To Selling & Dist. Expenses	1,000		
To Interest	7,000		
To Net Profit			
	15,000		15,000

Balance Sheet as at 31st March, 2019

Liabilities	Rs.	Assets	Rs.
1200 Equity Shares of Rs.50 each	60,000	Fixed Assets	55,000
10% Debentures	10,000	Debtors	10,000
Reserves and Surplus	12,000	Bills Receivable	8,000
Bank Overdraft	3,500	Stock	16,500
Creditors	16,000	Cash	12,000
	1,01,500		1,01,500

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
Less: Cost of Goods Sold:		
Opening Stock	5,000	
Add: Purchases	12,000	
Direct Labour	2,750	
	19,750	
Less: Closing Stock	(1,400)	(18,350)
Gross Profit		13,650
Less: Operating Expenses:		
Administrative Expenses	2,400	
Depreciation	1,400	
Selling Expenses	520	



Finance Expenses	1,330	(5,650)*
Net Profit Before Taxation		8,000
Less: Provision for Taxation		(2,800)
Net Profit After Taxation		5,200

Balance Sheet

Particulars	Rs.	Rs.	Rs.
(I) SOURCES OF FUNDS			
(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		<u>3,000</u>	
5% Public Deposits			27,000
TOTAL			
(II) APPLICATION OF FUNDS			
(A) Fixed Assets			<u>40,000</u>
(B) Investments			28,000
(C) Working Capital:			7,800
Current Assets	1,400		
Inventories	4,000		
Receivables	<u>800</u>	6,200	
Cash/Bank			
Less: Current Liabilities	1,650		
Creditors		<u>2,000</u>	
Outstanding Expenses	<u>350</u>		
TOTAL			
			<u>4,200</u>
			<u>40,000</u>

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

Budgeted Sales	Rs. 2,60,000 p.a.
Analysis of Sales (Per Unit)	Rs.
Raw Materials	3
Direct Material	4
Overhead	*
Total Cost	<u>2</u>
Profit	9
Sale Price	<u>1</u>
	<u>10</u>

It is estimated that:

- Raw materials remain in stock for 3 weeks and finished goods for 2 weeks.
- 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 18,000 units per year from the following information. (15)

	Per Unit(Rs.)
Raw Material	12
Direct Labour	3
Overheads	<u>9</u>
Total Cost	24
Profit	<u>6</u>
Selling Price	<u>30</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 McDonald 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.	A Ltd.	15,00,000	3:2	1:1
2.	B Ltd.	30,00,000	2:1	1:1
3.	C Ltd.	50,00,000	1:1	2:1
4.	D Ltd.	50,00,000	3:1	2:1

Q.5(A) Define Management Accounting. Mention the functions of the management accountant. (08)

Q.5(B) What are the qualities of a Management Accountant. (07)

OR

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

- 1) Tools of Financial Analysis
- 2) Accounting concepts
- 3) Working Capital Cycle or Operating Cycle
- 4) Comparative Statement Analysis
- 5) Window Dressing

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