SHRI S.H.KELKAR COLLEGE OF ARTS, COMMERCE AND SCIENCE, DEVGAD.
(SINDHUDURGA)
SEMESTER-III, NOV 2023

COURSE:MANAGEMENT ACCOUNTING **CLASS: SYBBI**
DURATION: 2. 30 Hrs. **COURSE CODE- UBIFSIII.** **MAX. MARKS: 75**

Q1A.choose the correct alternative (Any 8) 8

1. _______ funds is also termed as shareholders fund, proprietary funds.
   a) Own b) Owed c) Borrowed
2. Preferences share capital Posted under the ______
   a) Owned fund b) Borrowed fund c) Fixed assets
3. _________ is not considered as an intangible asset .
   a) Loose Tools b) Patents c) Trademarks
4. Sales discount posted under the ______Operating Expenses
   a) Administrative b) S&D c) Finance
5. ___________ is directly associated with Management Accounting.
   a) Cost Accountant b) Statutory Auditor c) Management Accountant
6. Present Value of a Rupee is always :
   (a) Equal to its Future Value (b) Greater than its Future Value .
   (c) Less than its Future value .
7. _____is a regulatory authority over the entire Capital Markets in India .
   (a) RBI. (b) SEBI. (c) IRDA
8. Which of the following is an item of current Liability ?
   (a) Bank Balance (b) Bank Overdraft (c) Cash Balance
9. An ideal liquid ratio must be
   (a) 1 : 1 (b) 1 : 2 (c) 2 : 1 .
10. Goodwill is an example of _______asset.
    (a) Tangible (b)Intangible (c) Fictitious

Q1B. State whether the following statements are TRUE or FALSE. (Any7) 7

1. The standard for current ratio is 2 .
2. Advance to suppliers are classified as Quick assets in vertical Statements .
3. Stock turnover ratio is a composite ratio
4. Selling and distribution overheads are included in the valuation of finished goods
5. There is no difference in non - operating expenses and non - cash expenses
6. Bills payable is shown under Quick Liabilities
7. Sales - Cost of goods sold = Net profit - False
8. Contingent liabilities do appear in the Balance Sheet
9. Floating assets mean fixed assets
10. Stock turnover ratio is a revenue statement ratio .

Q2.A. From the following Trial Balance of Jyoti Ltd. as on 31st March, 2014, prepare vertical Revenue statement for the year ended 31st March, 2014 and vertical Balance sheet as on that date after making the necessary adjustments: 15

Particulars	Rs.	
Equity Share Capital		11,00,000
Plant and Machinery	12,00,000	
Sales		37,00,000
Purchases	17,00,000	
Sundry Debtors	9,00,000	
Sundry Creditors		8,50,000
Wages	3,50,000	
Opening Stock	1,20,000	
Salaries	1,80,000	

Advertisement	75,000	
Telephone Charges	35,000	
Furniture	2,00,000	
Investment (Long Term)	5,00,000	
Interest Received		40,000
Loss on Sale of Furniture	20,000	
Commission	60,000	
Profit and Loss A/c		1,20.000
Interim Dividend	50,000	
General Reserve		1,00,000
Cash At Bank	3,20,000	
Bills Receivable	2,00,000	
	59,10,000	59,10,000

Adjustments:

(a)Stock on 31st March, 2014 was valued at Rs. 3,00,000.

(b)Make provision of Rs. 3,00,000 for Income Tax.

(c)Depreciate plant and machinery @ 20% and Furniture @ 10%.

OR

Q2B. The balance sheet of XYZ Ltd. is given for the year 2014. Convert them into vertical balance sheet. 15

Balance Sheet

Liabilities	Rs.	Assets	Rs.
Equity Shares	1,91,000	Building	2,00,000
Capital Reserve	70,000	Plant and Machinery	55,000
Revenue Reserve and Surplus	30,000	Furniture	20,000
Trade Creditors	40,000	Freehold Property	12,000
Bills Payable	60,000	Goodwill	30,000
Bank Overdraft	80,000	Cash Balance	20,000
Provisions	20,000	Sundry Debtors	35,000
		Inventories	57,000
		Investment (Temporary)	42,000
		Bills Receivable	20,000
	4,91,000		4,91,000

Q3A. Extracts financial account of xyz co. Ltd. are given below. 15

	Year-I		Year-2	
	Assets	Liabilities	Assets	Liabilities
Stock	10,000	-	20,000	-
Debtors	30,000	-	30,000	-
Payment in advance	2,000	-	-	-
Cash in Hand	20,000	-	15,000	-
Sundry Creditors	--	25,000	-	30,000
Acceptances	-	15,000	-	12,000
Bank Overdraft	-	-	-	5,000
Total Rs.	62,000	40,000	65,000	47,000

Sales amounted to Rs.3,50,000 in the first year and Rs. 3,00,000 in the second year. You are required to comment on the solvency position of the concern with the help of accounting ratios.(Current ratio, quick ratio, stock to working capital ratio, Debtors collection period)

OR

Q3B. Following is the Trading and Profit and loss Account of Ganguly Ltd. for the year ending 31st March, 2014 and the Balance sheet on that date: 15

Trading and Profit & Loss A/c

Particulars	Rs.	Particulars	Rs.
To Opening Stock To Purchases To Gross Profit	72,500 3,05,000 75,000	By Sales By Closing Stock	3,75,000 77,500
	4,52,500		4,52,500
To Sundry Expenses To Net Profit	40,000 35,000	By Gross Profit b/d	75,000
	75,000		75,000

Balance Sheet

Liabilities	Rs.	Assets	Rs.
Share Capital	3,50,000	Net Block	2,75,000
Reserves & surplus 25,000		Stock	77,500
Add: Profit for the year 35,000	60,000	Debtors	90,000
Bank overdraft	17,500	Cash	60,000
Creditors	75,000		
	5,02,500		5,02,500

Calculate following ratios: (a) Return on Proprietors Funds. (b) Return on Capital Employed. (c) Return on Equity share capital. (d) Debtors turnover ratio. (e) Creditors turnover ratio.

Q4A. The Board of Directors of Alka Ltd. require you to prepare a statement showing the working capital requirements forecast for a level of activity of 1,56,000 units of production. The following information is available for your calculation: 15

Particulars	(Rs. Per Unit)
Raw Materials Direct Labour Overheads	90 40 75
Profit	205 60
Selling Price Per Unit	265

(a) Raw materials are in stock on average one month.
(b) Materials are in process, on average two weeks.
(c) Finished goods are in stock, on average one month.
(d) Credit allowed by suppliers - one month.
(e) Time lag in payment from debtors - two months.
(f) Time lag in payment of wages - 1/2 weeks.
(g) Lag in payment of overheads - one month.

20% of the output is sold against cash. Cash in hand and at Bank is expected to be Rs. 60,000. It is to be assumed that production is carried on evenly throughout the year. Wages and overheads accrue similarly and a time period of 4 weeks is equivalent to a month.

OR

Q4B. Ram Ltd. furnishes the following details and requests you to prepare a statement showing the requirements of working capital for the year 2006. 15

Particulars	Budget for 2006
Production Capacity	30,000 units
Production	80%
Cost Structure:	
Raw Material	Rs. 40 p.u.
Other direct material	Rs. 30 p.u.
Wages	Rs. 20 p.u.
Overheads:	
Fixed	Rs. 10,000 p.m.
Variable	Rs. 10 p.u.
Profit	20% on sales

(a) Fixed overheads payable quarterly in advance.
(b) Raw material remains in stock for two months.
(c) Other Direct Material in stock for one month.
(d) The production process takes one month. WIP valuation to be made raw material and other direct material at cost and 50% of wages and overheads (variable).
(e) Finished goods remain in stock for two months (to be valued at direct cost).
(f) Raw Material purchased from suppliers against advance payment of three months and other direct material suppliers allow credit of two months.
(g) Time lag in payment of wages two months.
(h) Cash Balance to be maintained at Rs. 75,000.
(i) Credit allowed to customers as under (valued at selling price)
  (i) 50% of invoice price against acceptance of Bill for three months.
  (ii) 25% of invoice price time lag three months.

Q5A. Calculate the Market Price of share as per Walter Model & Gordon Model. 8

Retention Ratio	50%
Internal rate of return	20%
Cost of capital	16%
Dividend per share	Rs.3
Earning per share	Rs.5

Q5B. Write the qualities of Management Accountant 7

OR

Q5 Write the Short Notes (Any3) 15.

1. Balance sheet
2. Own fund
3. Working Capital
4. Finance Expenses
5. Ratio Analysis