



- N.B. 1. All questions are compulsory.
 2. Working notes should form part of your answer
 3. Use of a simple calculator is allowed.
 4. Figures to the right indicate full marks.

Q1. Select the most appropriate alternative from the following. (Any 10)

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1. The functions of management accounting include
 a) Collection of data b) Analysis of data c) Presentation of data d) All of the above
2. Balance sheet is a statement of
 a) Assets & Liabilities b) working Capital c) Operating Results d) None of the above
3. Comparative statement shows
 a) One year's performance b) Financial performance c) Comparative performance
 d) Profitability performance
4. is an item of current liability.
 a) Unsecured Loan b) Cash Balance c) Bank Overdraft d) Bank Balance
5. Operating ratio is an indicator of
 a) Operating efficiency b) Production efficiency c) Sales efficiency d) None of the above
6. Operating cost ratio is a
 a) Balance Sheet Ratio b) Income Statement Ratio c) Combined Ratio d) None of the above
7. Working capital is the capital required to finance
 a) Day-to-day operations b) Purchase of fixed asset c) Settlement of long-term liabilities d) None of the above
8. Current Asset Rs. 1,80,000, Current Liabilities Rs. 90,000. The amount of working capital is
 a) 90,000 b) 1,80,000 c) 2,70,000 d) None of the above
9. General reserve is created out of
 a) Profit b) Income c) Expenditure d) Dividend received
10. are the techniques of Capital Budgeting.
 a) Payback Period b) Accounting Rate of Return c) Net Present Value d) All of the above
11. The payback period is the time required to
 a) Recover the original investment b) Depreciate asset c) Pay the creditors d) Recovery from debtors
12. Net profit ratio indicates
 a) Status of assets and liabilities b) Profitability c) Trading efficiency d) Liquidity

Q1. B. State whether the following statements are True or False (Any 10)

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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. Analysis is a must for interpretation.
4. Patents and copyrights are intangible assets.
5. Working capital means Net Current Assets.
6. Capital budgeting decisions are long-term decisions.
7. In the comparative income statement, capital employed equals 100.
8. Net profit ratio is a measure of profitability.
9. The owner's fund and the Borrowed fund are constituents of the total funds of a company.
10. Profit and loss account shows the financial position of a company
11. While calculating working capital requirements debtors may be valued at cost price or at selling price.
12. There is a time element involved in capital budgeting.

Q2. The following are the Balance Sheets of Hayat Ltd. For the year ending 31st March, 2022 and 2023.



Liabilities	31-03-2022	31-03-2023	Assets	31-03-2022	31-03-2023
Equity Share Capital	4,00,000	4,00,000	Fixed Assets Less Depreciation	4,80,000	9,20,000
Reserves	40,000	60,000	Stock	80,000	40,000
Profit & Loss Account	30,000	40,000	Debtors	2,00,000	1,50,000
Bank Overdraft	1,00,000	4,60,000	Bills Receivable	40,000	60,000
Creditors	80,000	1,00,000	Prepaid Expenses	20,000	24,000
Provision for Taxation	40,000	50,000	Cash at Bank	1,00,000	1,66,000
Bills Payable	30,000	50,000			
	9,20,000	13,60,000		9,20,000	13,60,000

From the above prepare a Comparative Vertical Balance Sheet suitable for analysis.

OR

Q2. From the following prepare the trend revenue statement of Moon Limited after arranging a vertical form (Ignore Decimals)

Particulars	31-03-2021	31-03-2022	31-03-2023
Sales	200000	2,50,000	2,60,000
Materials Consumed	30,000	50,000	50,000
Direct Wages	15,000	15,000	18,000
Gross Profit	?	?	?
Office Salaries	12,000	14,000	15,000
Office Rent	3,000	4,000	5,000
Other Admin. Expenses	4,000	5,000	5,000
Selling & Distribution Expenses	10,000	15,000	18,000
Bad Debts	1,000	1,500	500
Debentures Interest	3,000	3,000	3000
Dividend Received	4,000	4,000	4,000
Provision for Tax	40%	40%	40%

Q3. Following is the Trading and Profit & Loss Account for the year ending 31st March 2023.

Particulars	Rs.	Particulars	Rs.
To Opening Stock	1,30,000	By Sales	65,00,000
To Purchases	55,70,000	By Closing Stock	2,55,000
To Direct Expenses	1,70,000	By Interest	15,000
To Salaries	1,78,000		
To Office Expenses	1,38,000		
To Selling Expenses	1,18,000		
To Distribution Expenses	98,000		
To Interest	48,000		
To Provision of Income Tax	95,000		
To Net Profit	2,25,000		
	67,70,000		67,70,000

From the above details calculate

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1. Gross Profit Ratio
2. Office and Administrative Expense Ratio
3. Selling and Distribution Expenses Ratio
4. Operating Expenses Ratio
5. Operating Ratio
6. Net Profit Before Tax Ratio
7. Stock Turnover Ratio

OR

Q3. Following is the Balance Sheet of Happiness Ltd as of 31st March 2023

Liabilities	Rs.	Assets	Rs.
Equity Share Capital	1,00,000	Machinery	2,96,000
General Reserve	70,000	Investment	1,12,000
10% Preference Share Capital	1,80,000	Stock in Trade	1,01,000
15% Debentures	1,20,000	Bills Receivable	20,000
Trade Payables	1,22,000	Trade Receivable	49,000
Bank Overdraft	20,000	Cash and Bank	38,000
Provision for tax (Current Year)	18,000	Profit and Loss Account	14,000
	6,30,000		6,30,000

Sales for the year Rs. 7,00,000, Gross Profit – 25% and Opening Stock is Rs. 1,09,000. Profit Before Tax for the year ending 31-03-2023 is Rs. 2,10,000

You are required to calculate the following ratios:

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1. Current Ratio
2. Acid Test Ratio
3. Stock Turnover Ratio
4. Capital gearing Ratio
5. Proprietary Ratio
6. Debt Equity Ratio (Debt/Net Worth)
7. Return on Capital Employed

Q4. The management of Z Industries has called for a statement showing the working capital to finance a level of activity of 1,80,000 units of output for the year. The cost structure for the company's product for the above-mentioned activity level is detailed below.

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Cost Per Unit

Raw Material	20
Direct Labour	05
Overheads (Including Depreciation of Rs. 5 per unit)	15
	40
Profit	10
Selling Price	50

Additional Information

- a) Minimum desired cash balance is Rs. 30,000
- b) Raw materials are held in stock, on average, for two months.
- c) Work-in-progress (assume 50% completion stage) will approximate half a month's production.
- d) Finished goods remain in the warehouse, on an average, for a month.
- e) Suppliers of materials extend a month's credit and debtors are provided two months' credit: cash sales are 25% of total sales.

OR

Q4. Megh Industries Ltd. Has an investment proposal of Rs. 40,00,000. The expected cash inflows for ten years are as under:

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Year	Cash Inflow Rs.	Present value of Rs. 1 at 10% Discount Factor
1	7,00,000	0.909
2	7,00,000	0.826
3	8,00,000	0.751
4	8,00,000	0.683
5	9,00,000	0.621
6	9,00,000	0.564
7	10,00,000	0.513
8	10,00,000	0.467
9	8,00,000	0.424
10	6,00,000	0.386

You are required to calculate

1. Payback Period
2. Net Present value at 10% Discount Factor
3. Profitability Index at 10% Discount Factor

Q5. Answer the following

A. Distinguish between Financial Accounting and Management Accounting.

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B. Explain the importance of working capital management.

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OR

Q5. Write short notes. (Any Four)

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A. Comparative Statement

B. Current Ratio and Liquid Ratio

C. Working Capital Management

D. Capital Budgeting

E. Operating Expenses

F. Net Present Value

