Pune Vidyarthi Griha's
College of Science and Technology
S.Y.B Com Sem-III
Sub: Management Accounting

Q.P. CODE: UBCOMFSIII.2.1 **(Time: 3 hours)** **Total Marks: 100**

Date - 21/10/2023

Note :-

1. All questions are compulsory.
2. Make suitable assumptions wherever necessary and state the assumptions made.
3. Answers to the same question must be written together.
4. Numbers to the right indicate marks.
5. Draw neat labelled diagrams wherever necessary.
6. Use of Non-programmable calculators is allowed.

Q.1.A State whether the following statements are True or False (Any 10) **(10 Marks)**

1. Management Accounting is future oriented.
2. Unclaimed dividend is a current liability.
3. Owed fund is an external fund.
4. Salary is shown under office and administration expenses.
5. Common size income statement shows performance in terms of 100.
6. Working capital is excess of current asset over current liabilities.
7. Manufacturing organisation requires higher working capital.
8. A project with shorter payback period should be accepted.
9. Profit on Sale of Machinery is an Operating Income.
10. Debtors should be valued at cost price only.
11. Capital budgeting decisions are long term decisions
12. All quick assets are current assets.

Q.1.B Multiple choice question (Any 10) **(10 Marks)**

1) .... is a Intangible assets.
   a) Goodwill b) Building c) Bills receivable d) Cash

2) .... is item of Current Liability.
   a) Capital Reserve b) Plant and Machinery c) Debentures d) Sundry creditors

3) .... is an Non Quick Liabilities.
   a) Bank Overdraft b) Bank Loan c) Public Deposits d) Bills Payables

4) Net Working Capital= Current Assets - ....
   a) Quick Liabilities b) Fixed Assets c) Investment d) Current Liabilities

5) Cash Inflows for Capital budgeting decisions mean
   a) Accounting profit – Depreciation + Tax
   b) Accounting profit + Tax – Depreciation
   c) Accounting profit - Tax + Depreciation
   d) Accounting profit + Tax + Depreciation

6) Cost of Goods sold = Opening Stock + Purchase + Carriage Inward - ....
   a) Depreciation b) Sales c) Sales Return d) Closing Stock

7. Total Assets are equal to
   a) Fixed Assets + Investments + Current Assets

b) Fixed Assets + Investments +Working Capital
c) Own Funds + Loan Funds – Current Liabilities
d) Fixed Assets + Investments + Current Liabilities

8. The shareholders fund consists of ………………………
   a) Only preference capital
   b) Only reserves and surplus
   c) only equity capital
   d) all of the above

9. Standard Current Ratio
   a) 2 : 1 b) 1 : 1 c) 65 % d) 1.33

10. Standard Debt-Equity Ratio
   a) 2 : 1 b) 1 : 1 c) 65 % d) 1.33

11. The total Current Assets without deducting the Current Liabilities
   a) Gross Working Capital
   b) Permanent Working Capital
   c) Net Working Capital
   d) Temporary Working Capital

12) ………….. will ensure high return on investment
   a) Adequate working capital
   b) Shortage of working capital
   c) Surplus working capital
   d) None of these

Q.2

From the following data provided by M/S Alpha Ltd. estimate working capital requirement for the year ended 31st March 2017.

a) Estimated activity / Operations for the year 2,60,000 units (52 Weeks).
b) Raw material remains in Stock for 2 Weeks and Production cycle takes 2 weeks.
c) Finished goods remaining in stock for 2 weeks
d) 2 Weeks credit is allowed by suppliers.
e) 4 Weeks credit allowed to customer.
f) Time lag in payment of wages and overheads is 2 weeks each.
g) Cash and bank balance is Rs. 25,000
h) Selling price per unit is Rs. 15.
i) Analysis of cost per unit as follows:
   1) Raw material 1/3rd of sales.
   2) Labour 20% of sales.
   3) Overheads Rs. 2 per unit.
   4) Profit is at Rs. 5 per unit.

Debtors are to be estimated at selling price.

OR

Q.2 Complete the following trend Income Statement of M/S SY Ltd. **(20 Marks)**

Particulars	**Years**			**Trend %**		
	2011 Rs.	**2012 Rs.**	**2013 Rs.**	**2011**	**2012**	**2013**
Net Sales	2,10,000				120	140
Cost of Sales	1,68,000				110	
Gross Profit						150
Operating Expenses	25,200				125	175
Operating Profit						
Non operating Income			1,500		120	50
Non operating Expenses			3,600		100	200
Net Profit			16,800			
Income Tax (40%)		15,000				

Net Profit After Tax						

Q.3 **(20 Marks)**

Following balances have been extracted from the books of ABC Ltd.

Particulars	Rs.
Land and Building	6,00,000
Plant and machinery	5,00,000
Equity capital	5,00,000
Preference capital	2,00,000
Stock	2,40,000
Debtors	2,00,000
Cash and bank balance	55,000
Other Current assets	5,000
Profit and Loss A/c (Cr. Balance)	2,00,000
General Reserve	1,00,000
Sundry Creditors	80,000
Bills Payable	60,000
Other Current liabilities	60,000
Debentures	4,00,000

i) Prepare Vertical Balance sheet from above information

ii) From above information calculate:

a) Current ratio b) Proprietary ratio c) Capital gearing ratio

d) Stock Working Capital ratio e) Debt equity ratio

OR

Q.3 **(20 Marks)**

Following are the balances as on 31st March 2014 in the books of accounts of M/s Shree Machines. You are required to prepare a Vertical Balance Sheet for Financial analysis from the same.

Particulars	Rs.
Capital work in progress	2,80,000
15% Term Loan	6,00,000
Marketable Investment	1,00,000
MVAT Payable	84,000

Land and building	8,40,000
Creditors	7,75,000
Bank Balance (Dr. Balance)	35,000
Provision for Depreciation	2,51,000
TDS (Rent Paid)	20,000
Debtors	8,15,000
Capital	5,00,000
Plant and machinery	4,50,000
Stock	2,70,000
Rent received in advance	1,00,000
Preliminary expenses	10,000
Profit and Loss A/c (Cr. Balance)	4,70,000

Q.4 **(20 Marks)**

Chetan Ltd. is considering purchase of a machine two machines – LPX machine and GPX machine are available, each costing Rs. 5,00,000.

In comparing profitability of machines, a discounted rate of 10% is to be considered.

Expected profits after tax and before depreciation are as follows:

Year	1	2	3	4	5
LPX Machine Profit	1,60,000	2,00,000	2,50,000	1,50,000	2,00,000
GPX Machine Profit	60,000	1,50,000	2,00,000	3,00,000	2,00,000

Indicate which machine would be more profitable under following methods:

1) Pay back Period
2) Net Present Value method
3) Pay back profitability

The net present value of Rs. 1 @ 10% discounting factor is as follows:

Year	1	2	3	4	5
Present value Factor	0.909	0.826	0.751	0.683	0.621

OR

Q.4 **(20 Marks)**

The Management of Maruti Ltd has called for a statement showing the working capital needed to finance a level of activity of 3,00,000 units for the year. The cost structure for the company's products for the said activity is as below:

Particulars	Cost per unit
Raw Material	Rs.20
Direct Labour	Rs.5
Overheads	Rs.15
Total Cost	Rs.40
Profit	Rs.10
Selling Price	Rs.50

i. Past trend indicate that raw material are held in stock on an average for two months.
ii. Work in progress will approximate to half a month's production.
iii. Finished goods remain in warehouse on average for a month.
iv. Suppliers of material extend a month's credit.
v. Two months credit is normally allowed to debtors.
vi. A minimum cash balance of Rs. 25,000 is expected to be maintained.
vii. Time lag in payment of wages and overhead is one month respectively.
viii. Provide Margin of safety of 10%.
ix. The Production pattern is assumed to be even during the year.
From the above facts, you are required to prepare statement showing working capital required.

Q.5 Answer the following **(20 Marks)**
A) Explain the functions of Management Accounting.
B) Discuss the factors that affect working capital requirement?

OR

Q.5 Write Short Note on (Any 4) **(20 Marks)**

a) Gross Profit Ratio
b) Shareholders Fund
c) Fixed Assets
d) Net Present Value Method
e) Net Working Capital
f) Current Ratio