

FYFM

7/3/15

Mgmt Acc.

①

NO3ADX

Time = 2 ½ hours

Total = 75 Marks

Q.1. Short Notes (Any 3)

(15 Marks)

- Users of Management Accounting.
- Cash & Cash Equivalents as per AS-3
- Limitations of Financial Accounting.
- Operating & Financial Leverage.
- Common size Statements

Q.2. Solve (Any 3)

(15 Marks)

1. Find the financial leverage from the following data:

Net Worth	Rs. 5000000
Debt: Equity	3:1
Interest Rate	10%
Operating Profit	Rs. 2000000

2. Sales = Rs. 250000. Variable Cost = 44% of Sales. Calculate Contribution.

3. From the following information of Mr. K. Ltd., calculate Operating Leverage from the following data:-

Sales = Rs. 60000

Variable Cost = 70%

Fixed Cost = Rs. 12000

4. Sales = 500000 (25% are on Cash basis). Opening Debtors = Rs. 40000.

Closing Debtors = Rs. 70000. Calculate Debtors Turnover Ratio.

5. Sales in 2012 were Rs. 550000. Sales in 2013 are Rs. 475000. Calculate percentage decrease in Sales.

Q.3. (A or B) and (C or D)

(15 Marks)

A. From the following Balance Sheet and Profit and Loss A/C of Kiran Ltd. calculate the following ratios.

(8 marks)

(i) Current Ratio (ii) Debt-Equity Ratio (iii) Proprietary Ratio (iv) Capital Gearing Ratio

Balance Sheet as on 31st March 2014

Liabilities	Rs.	Assets	Rs.
Preference Capital	50000	Building	185000
Equity Capital	100000	Long Term Investments	40000
Reserves	35000	Stock	35000
10% Debentures	50000	Debtors	30000
Creditors	20000	Cash & Bank Balance	10000
Outstanding Expenses	45000		
	300000		300000

OR

No3 ADX

B. Convert the following Profit and Loss A/C into a Vertical Income Statement. (8 Marks)
Profit & Loss A/C for the year ended 31st March 2014

Particulars	Rs.	Particulars	Rs.
To Cost of Goods Sold	175000	By Sales	300000
To Admin expenses	25000		
To Finance expenses	15000		
To Selling expenses	20000		
To Depreciation	15000		
To Provision for Tax	20000		
To Net Profit	30000		
	300000		300000

C. Coast Ltd. submits following statement for the year 2014. Convert the Balance Sheet into Vertical Format. (7 Marks)

Balance Sheet as on 31st Dec 2014

Liabilities	Rs.	Assets	Rs.
Share Capital	184500	Fixed Assets	158750
Reserves & Surplus	25000	Other Current Assets	2500
Creditors	10500	Stock	25000
Loans	56250	Prepaid expenses	55000
Outstanding expenses	19500	Debtors	27750
		Cash	26750
	295750		295750

OR

D. The capital structure of a company is as follows:

(7 Marks)

Particulars	Rs.
Equity Capital (of Rs.10 each)	500000
10% Preference Share Capital	500000
8% Debentures	600000
TOTAL	1600000

Company expects a return of 20% on its capital. Tax rate is 40%. Calculate the following :-

- (i) EPS
- (ii) If the asset turnover ratio is 0.7, calculate operating , financial and combined leverage.
The firms P/V Ratio is 40%.

No3 ADX

Q.4.A factory produces 96000 units during the year and sells them @ Rs.50 per unit. Cost structure of a product is as follows:- (15 marks)

Particulars	% of Selling price
Raw Materials	60%
Labour	15%
Overheads	10%
Total Cost	85%
Profit	15%
Selling Price	100%

The following additional information is available:-

- i) The activities of purchasing, producing and selling occur evenly throughout the year.
 - ii) Raw Materials equivalent to 1 month's supply is stored in godown.
 - iii) Production process takes 1 month.
 - iv) Finished goods equal to 3 months production are carried in stock.
 - v) Debtors get 2 month's credit
 - vi) Time lag in payment of wages and overheads is ½ month
 - vii) Cash and Bank Balance is to be maintained at 10% of the working capital
 - viii) 10% of the sales are made at 10% above normal selling price
- Draw a forecast of Working Capital requirements of the factory.

OR

Q.4. From the following Trading & Profit & Loss A/C of Busy Ltd. prepare Comparative Income Statement and comment on the same. (15 Marks)

Particulars	2012	2013	Particulars	2012	2013
To Opening Stock	80000	120000	By Sales	600000	1000000
To Purchases	300000	800000	By Closing Stock	120000	300000
To Wages	100000	160000			
To Factory expenses	80000	100000			
To Gross profit c/d	160000	120000			
	720000	1300000		720000	1300000
To Salaries	10000	12000	By Gross Profit b/d	160000	120000
To Rent and Taxes	8000	10000	By Interest	500	500
To Carriage Outward	12000	10000			
To Delivery expenses	6000	3000			
To Advertisement	15000	10000			
To Interest	8000	4000			
To Bad Debts	1000	-			
To Depreciation	13000	13000			
To Provision for Tax	30000	24000			
To Net Profit	57500	34500			
	160500	120500		160500	120500

NO3 ADX

Q.5. Solve (A or B) and (C or D)

(15 Marks)

A. Following are the Balance Sheet of Old India Ltd.

(8 Marks)

Liabilities	2001	2002	Assets	2001	2002
Share Capital	600000	700000	Fixed Assets	400000	650000
General Reserve	150000	200000	Debtors	200000	350000
Profit & Loss A/C	100000	200000	Stock	150000	250000
14% Debentures issued for purchase of Fixed Assets	NIL	200000	Cash	100000	130000
Proposed Dividend	70000	80000	Underwriting Commission	70000	NIL
	920000	1380000		920000	1380000

Additional Information:-

1. Assuming depreciation for the year to be Rs.50000
2. Interim dividend paid during the year to be 5% on opening capital
3. Prepare Cash Flow Statement using Indirect Method (AS3)

OR

B. Veekay India Ltd. submits following statement for the year 2014. Convert it into Vertical form.

Profit & Loss A/C for the year ended 31st Dec 2014

(8 Marks)

Particulars	Rs.	Particulars	Rs.
To Cost of Goods Sold	177750	By Sales	317250
To Selling expenses	90000	By Other Income	3000
To Admin expenses	23000		
To Loss on sale of Investments	8500		
To Provision for Tax	12000		
To Net profit	9000		
	320250		320250

C. Prepare an income statement from the information of P, Q and R Company.

(7 Marks)

Particulars	P	Q	R
Variable Cost (As a % of sales)	50%	66.67 %	75%
Interest expense (Rs.)	200	300	1000
Degree of Operating leverage	5	6	2
Degree of Financial Leverage	3	4	2
Income Tax (%)	35	35	35

OR

D. From the following Balance Sheet of X.Ltd. compute –

(7 Marks)

i.) Liquid Ratio ii.) Proprietary Ratio iii.) Stock Turnover Ratio iv.) Capital Gearing Ratio

Balance Sheet as on 31st March 2013

Liabilities	Rs.	Assets	Rs.
Preference Share Capital	200000	Fixed Assets	1200000
Equity Share Capital	500000	Stock	540000
Reserves	1000000	S. Debtors	800000
Secured Loans	400000	Advance Income Tax	120000
Current Liabilities	540000	Cash at Bank	790000
Provisions	810000		
	3450000		3450000