SYBFM- Mgmt Acctg 4/10/16

PQ10AGW

(L)

Time: 2.5 hours Marks:75

1. A. Fill in the blanks (Any 8) (8*1mark)
   i. Product costs means __________ (variable, fixed, semi-variable)
   ii. Sales minus Breakeven sales are __________ (margin of safety, breakeven point. Angle of incidence)
   iii. Cash drawings is an item of _______ (inflow, outflow, balance)
   iv. A plan expressed in financial or monetary terms is called _______ (budget, financial plan, policy)
   v. In case of inadequate working capital situation, the firms run the risk of ________ (solvency, insolvency, opening of new business)
   vi. Sale of goods is a ________ of funds (sources, application, working capital)
   vii. The standard or ideal quick ratio is __________ (2:1,1:1,3:1)
   viii. Current ratio is 2:5. Current liability is Rs.3000.The net working capital is Rs. __________ (-1500, -1800,-2000)
   ix. ____________ analysis is the comparison of historical information over a series of reporting periods. (Horizontal, vertical, fundamental)
   x. Working Capital is also called as __________ capital. (net current assets, net current liability, net working capital)

   B. State whether the statement is true or false. (Any 7) (7*1mark)
   i. Bills payable is shown under quick liabilities
   ii. Contingent liabilities do appear in the balance sheet
   iii. The standard for current ratio is 2
   iv. Stock is an item of quick assets
   v. Vertical analysis is also termed as static analysis
   vi. Owned funds and owed funds are same
   vii. A funds flow statement indicates sources as well as uses of funds
   viii. If liability decreases more than decrease in current assets then working capital also decreases.
   ix. Organizations must not waste time in the determination of sound and effective credit collection policies management; rather it must focus on increasing its sales.
   x. Fixed cost varies with volume rather than time.

2. A. Distinguish between Horizontal and vertical financial stat .ents (8marks)

   B. What is ratio analysis and what are the benefits and limita ons of it? (7marks)

Or

   C. Balance sheet of a company as on 31st December 2004 and 31st December 2005 were as follows: (15marks)

Liability	2004	2005	Asset	2004	2005
Capital	1,50,000	1,90,000	Cash	20,000	26,000
Loan	30,000	-	Debtors	54,000	76,000
Loan from bank	60,000	80,000	Stock	48,000	42,000
Creditors	50,000	56,000	Furniture	2,000	2,000
			Machinery	90,000	65,000
			Land	36,000	45,000
			Building	40,000	70,000

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December 2004 was Rs.24000 and on 31st December Rs.37,000. Net profit for the year 2005 amounted to Rs.60,000

3. A. From the following budget data, forecast the cash position at the end of April, May, and June 2007.(15marks)

Month	Sales	Purchase	Wages	Miscellaneous
February	1,20,000	84,000	10,000	7,000
March	1,30,000	1,00,000	12,000	8,000
April	80,000	1,04,000	8,000	6,000
May	1,16,000	1,06,000	10,000	12,000
June	88,000	80,000	8,000	6,000

Additional Information:

- Sales: 20% realized in the month of sales, discount allowed 2%,balance realized equally in two subsequent months
- Purchases : these are paid in the month following the month of supply
- Wages: 25% paid in arrears in the following months. Miscellaneous expenses paid a month in arrears
- Rent: Rs.1000 per month paid quarterly in advance due in April.
- Income tax: First installment of advance tax Rs.25,000 due on or before 15th June
- Income from investments: Rs 5000 received quarterly in April, July etc
- Cash in Hand : Rs.5000 on 1st April 2007

Or

B. Distinguish between Cash flow statement and Funds flow statement. Discuss about the importance of cash flow statements.(15marks)

4. A. A company produces and sells single article at Rs.10 each. The marginal cost of production is Rs.6 each and fixed cost is Rs.400 per annum.(15 marks)
Calculate:
   i. P/V ratio
   ii. Break Even Sales (in Rs. And in No.s)
   iii. Sales to earn a profit of Rs.500
   iv. New breakeven point if sales price is reduced by 10%
   v. Profit at sales of Rs.3000
   vi. Margin of Safety at sales Rs.1500 and
   vii. Selling Price per unit if the breakeven point is reduced to 80 units

Or

B. Determine the credit period that should be allowed by the company. Assume return on investment (ROI)@18%.(15 marks)

Present Situation

Sales = 80lacs

Variable Cost=50lacs

Fixed cost = 10lacs

Credit to debtors = 20 days

Plan	Proposed Credit Period	Sales (in lacs)
I	30days	100
II	40days	120
III	50days	135
IV	60days	150

5. Write Short notes on any 3 (3*5)