

**B. Com Examination October 2008**  
**Management Accounting October 2008**

**Time: 3 Hours**

**Marks: 100**

**NB:**

**Questions No. 1 is compulsory and carries 20 marks.**

**Attempt any five from the rest questions, each carrying 16 marks from remaining questions.**

**Working notes should form part of your answer.**

**Proper presentation and neatness is essential.**

**Use of simple calculator is allowed**

Q.1 ABC Ltd. provides you following Balance - sheets as on 31 st March: 20  
Trading and Profit and Loss Account for the year ending on 31st March, 2007  
Liabilities 2006

Rs. 2007

Rs. Assets 2006

Rs. 2007

Rs.

Equity Share Capital 15,00,000 24,00,000 Fixed Assets 30,00,000 31,00,000

10% Preference Share Capital 20,00,000 15,00,000 Investments 22,60,000 28,00,000

Profit & Loss A/c 20,08,000 20,58,000 Inventory 9,20,000 8,00,000

15% Debentures 3,00,000 10,00,000 Debtors 12,00,000 11,00,000

Bank Loan (Long Term) 4,40,000 - Bills Receivable 5,75,000 6,00,000

Creditors 12,48,000 8,60,000 Cash 2,21,000 5,48,000

Provision for Tax 4,80,000 7,30,000

Proposed Dividend 2,00,000 4,00,000

Total 81,76,000 89,48,000 Total 81,76,000 89,48,000

The following information is given for the year ended on 31st March, 2007.

10% Preference shares were redeemed out of fresh issue of Equity shares on 1st April, 2006.

Partly paid Equity shares were converted into a fully paid shares by utilizing Rs. 4,00,000 from Profit and Loss A/c during the year.

Interim dividend of Rs. 1,00,000 was paid.

Depreciation was charged during the year Rs. 2,00,000.

Fixed Assets were revalued in excess of book value and amount was credited to Profit and Loss A/c.

Dividend on Equity shares paid for the year 2005-08 Rs. 2,00,000.

Tax paid Rs. 5,50,000.

Prepare fund flow statement and statement showing changes in working capital in detail for the year ended on 31st March, 2007.

Q 2. You are required to prepare a statement showing the working capital required to finance the level of activity of 12,000 Units per year from the following information: 16

Raw materials are in stock on an average for 2 months

Materials are in process on an average for half a month.

Finished goods are in stock on an average for one month.

Credit allowed by the suppliers is 1½ months of purchase of raw materials and credit allowed to the customers is 2 ½ months.

Lag in payment of wages and overheads is one month.

Cash and Bank balance is expected to be 10% of Net working Capital before considering the Cash and Bank balance.

Activities are spread evenly through out the year:

Cost Per Unit: Raw Material Rs. 10

Wages Rs. 5

Total Cost Rs. 30

Profit is 20% on selling price.

Q 3. The following is financial information of ZN Ltd. for 3 years ended on 31st December every year.

16

Particulars 2005

Rs. 2006

Rs. 2007

Rs.

Share Capital 1,50,000 1,80,000 1,90,000

Gross profit 3,50,000 3,50,000 4,00,000

Current liabilities 40,000 ? ?

Fixed Assets 2,40,000 2,50,000 2,35,000

Long Term Loan 1,00,000 ? 1,20,000

Cost of Goods Sold ? 4,00,000 3,00,000

Working Capital 60,000 4,50,000 1,40,000

Net Worth 2,00,000 2,20,000 2,55,000

Current Assets ? 1,20,000 2,00,000

Sales 5,50,000 7,50,000 ?

Capital Employed 3,00,000 ? ?

Reserve and Surplus ? 40,000 65,000

You are required to prepare vertical Trend Financial Statement taking 2005 as the Base.

Q 4. Complete the following Balance-sheet from the information given below: 16

Liabilities Rs. Assets Rs.

Equity Share Capital (Rs.100 each) ? Fixed Assets ?

Reserve and Surplus ? Current Assets

20% Debentures 5,00,000 Stock ?

Current Liabilities Debtors ?

Sundry Creditors ? Bank / Cash Balance ?

Provision for Tax,(Current Year) ?

? ?

Following information is available:

Gross profit ratio is 25% and which is Rs. 12,00,000.

Operating expenses (including Debenture interest) Rs. 8,00,000.

Rate of Income Tax is 50%.

Purchases and Sales are on credit basis.

Debtors Turnover Ratio (Sales / Debtors) = 12 times.

Creditors Turnover Ratio (Cost of sales / creditors) = 12 times

Earning per share Rs. 20

Stock Turnover Ratio = 10 times

Debt Equity Ratio 0.25 : 1

Current Ratio 2 : 1.

Q.5 Prepare a Comparative Revenue Statement in Vertical Form from the following details: 16  
Nilkamal Ltd.

Trading, Profit and Loss Account for the year ended 31st March

Particulars 2006

Rs. 2007

Rs. Particulars 2006

Rs. 2007

Rs.

To Opening Stock 2,25,000 3,00,000 By Sales 45,00,000 60,00,000

To Purchases 22,50,000 32,10,000 By Closing Stock 3,00,000 3,60,000

To interest on Debenture 1,50,000 1,50,000 By Dividend 12,000 39,000

To Depreciation: By Profit on Sale of Machinery 24,000 -

Furniture 15,000 15,000

Machinery 36,000 30,000

To Administrative Expenses 2,94,000 4,41,000

To Selling Expenses 4,56,000 7,53,000

To Carriage Outward 75,000 3,15,000

To Loss by Fire - 15,000

To Wages 1,95,000 3,00,000

To Provision for Tax 5,70,000 4,35,000

To Net Profit 5,70,000 4,35,000

48,36,000 63,99,000 48,36,000 63,99,000

Q.6 Telestar Ltd. gives you the following Balance - Sheets for the year ended 31 st March, 2006 and 2007. Prepare a Cash Flow Statement for the year ended 31st March, 2007 as per As - 3 by indirect method. 16

Liabilities 31-3-06

Rs. 31-3-07

Rs. Assets 31-3-06

Rs. 31-3-07

Rs.

Equity Share Capital 1,20,000 1,20,000 Land 2,10,000 2,70,000

5% Preference Share Capital 90,000 60,000 Building 2,85,000 2,70,000

General Reserve 30,000 42,330 Stock 27,000 36,300

Profit and Loss Account 15,240 28,080 Debtors 40,440 38,460

Provision for Tax 17,000 8,000 Prepaid Expenses 25,880 17,000

Creditors 3,37,920 3,81,990 Bank Balance 15,840 3,240

Misc Expenditure 6,000 5,400

Total 6,10,160 6,40,400 Total 6,10,160 6,40,400

Other information for the year ended 31st March,2007

(1) The company has paid Interim dividend of 5 %on Equity shares.

(2) Preference shares were redeemed during the year at 10% premium.

(3) Income Tax paid during the year Rs. 15,000.

Q.7 From the following information calculate: 16

(a) Return on Capital Employed.

(b) Debtors turn over ratio (in Times)

- (c) Stock - working capital ratio
- (d) Current ratio
- (e) Proprietary ratio (on the basis of Total Fund)

Some of relevant balances as on 31st March, 2007 are given below: Particulars Amount  
(Rs.)

Equity share capital (of Rs. 10 each) 2,00,000  
 6% Preference share capital 1,00,000  
 8% Debentures 1,50,000  
 Debtors 18,000  
 Creditors 15,000  
 Cash in hand 20,000  
 Bills receivable 12,000  
 Bank Overdraft 8,000  
 Reserves and Surplus 43,000  
 Closing Stock 32,500  
 Provision for taxation 35,000  
 Proposed dividends 10,000

Other information for the year 2006-07

Particulars Amount  
(Rs.)

Sales 10,00,000  
 Cost of Sales 7,50,000  
 Net profit before Tax 1,00,000

Q.8 The following information regarding Maruti car Ltd. for the year ended 31st March.2007 is given to you. 16

Rs.

Sales 75,00,000  
 Purchases 50,00,000  
 Opening Stock (01/04/2006) 5,00,000  
 Closing Stock (31/03/2007) 7,50,000  
 Return Inward 75,000  
 Carriage Outward 57,000  
 Carriage Inward 50,000  
 Return Outward 50,000  
 Salesmen Salary 75,000  
 Advertising and Publicity 2,52,000  
 Salesmen Travelling Allowance 7,500  
 Office Salary 4,00,000  
 Computer Repairs and Maintenance 84,000  
 Rent, Rates, Taxes 4000  
 Printing and Stationery 400  
 Bad Debts 75,750  
 Purchase of Computer 40,000  
 Dividend on Shares (Cr) 10,000  
 Staff Welfare Expenses 44,000  
 Interest (Dr.) 50,000  
 Loss on Sales of Shares 1,25,000

Rearrange above information in Vertical Form suitable for analysis.

Q.9 (a) From the following information calculate the amount of Creditors Opening Stock and Closing Stock: 5

Cost of Sales Rs.3,25,000

Gross Profit Ratio 35%

Stock Turn Over ratio 2.5

Creditors Turnover Ratio (On Purchases) 8

Opening Stock is more by Rs. 6,000 than Closing Stock.

(b) Working Capital is Rs. 3,00,000. Quick Ratio is 1.25 : 1. and Current Ratio is 2:1. The Bank Overdraft is Rs.20,000. Non quick assets includes closing stock only. Calculate Closing Stock. 4

(c) Write short notes on : (any two) 6

i Fund Flow Statement and Cash Flow Statement.

ii Limitations of Ratio Analysis. iii Trend Analysis. iv MIS Reporting.