



Date: 29-10-2018
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

SECTION – A

ANSWER ALL THE QUESTIONS

(10 X 2 = 20 MARKS)

1. What is meant by Management Accounting?
2. State any two functions of Financial Accounting.
3. What is a Flexible budget?
4. State any two reasons for providing working capital.
5. What is meant by Fund Flow Statement?

6. From the following compute the value of stock

Sales = Rs. 6,00,000

Gross profit ratio = 20%

Stock turnover ratio = 6

Closing stock is more than opening stock by Rs. 9,000

7. State the effect on working capital caused by the following:

(a) Increase in cash Rs. 1,700

(b) Decrease in Debtors Rs. 500

(c) Decrease in creditors Rs. 2,500

(d) Increase in Stock Rs. 1,600

8. Proposed Dividend during the year 2013 Rs. 80,000

Proposed Dividend during the year 2014 Rs. 1,10,000

Dividend paid during the year 2014 Rs. 70,000

Prepare Proposed Dividend Account.

9. From the following particulars, prepare Productions Budget for 3 months ending June 2016.

Months/Yrs.	Estimated sales in units
April 2016	70,000
May 2016	80,000
June 2016	65,000
July 2016	60,000

It is the policy of the company to maintain 50% of the month's sales as opening stock.

10. A project cost Rs.7,80,000 and yields annually a profit of Rs. 1,35,200 after depreciation of 12% p.a. but before tax at 25%. Calculate pay-back period.

SECTION – B

ANSWER ANY FOUR QUESTIONS

(4 x 10 = 40 MARKS)

11. What are the differences between Cost Accounting and Financial Accounting?
12. Write down the merits and demerits of Ratio Analysis.
13. Differentiate between Funds Flow Statement and Cash Flow Statement.
14. From the following Balance Sheet of Arvind Ltd., prepare Cash Flow Statement.

Liabilities	31.12.2016 (Rs.)	31.12.2016 (Rs.)	Assets	31.12.2016 (Rs.)	31.12.2017 (Rs.)
Share capital	3,40,000	5,00,000	Cash	60,000	94,000
Creditors	1,40,000	90,000	Debtors	2,40,000	2,30,000
P&L Account	20,000	46,000	Stock	1,00,000	1,80,000
			Land	1,00,000	1,32,000
Total	5.00,000	6,36,000	Total	5.00,000	6,36,000

15. From the following information calculate:

- (a) P/V ratio
- (b) BEP
- (c) Margin of safety and

Total sales	Rs. 3,60,000
Selling price per unit	Rs. 100
Variable cost per unit	Rs. 50
Fixed costs	Rs. 1,00,000

16. An industrialist is offered two options for investment with the following cash flows.
His decision criterion is a pay-back period of 3 years.

	Option – X(Rs.)	Option – Y (Rs.)
Investment required	16,000	14,000
Annual cash flows:		
Year 1	8,000	5,000
Year 2	6,000	5,000
Year 3	4,000	5,000
Year 4	4,000	5,000

Advise the industrialist:

- (a) Use pay-back method
- (b) Return on investment method

17. Prepare a flexible budget for the production:

Production capacity at 50% 5,000 units

Raw materials Rs. 80 per unit

Direct Labour Rs. 50 per unit

Direct Expenses Rs. 15 per unit

Factory Expenses Rs. 50,000 (50% Fixed)

Administration Expenses Rs. 60,000 (60% Fixed)

SECTION – C

ANSWER ANY TWO QUESTIONS

(2 x 20= 40 MARKS)

18. Balance Sheet of YES Ltd, as on 31-12-2012.

Liabilities	Rs.	Assets	Rs.
Share capital: 6,000 shares of Rs.10 each	60,000	Land and Building	80,000
Reserves	40,000	Plant and Machinery	50,000
Creditors	14,000	Stock	30,000
Bills payable	6,000	Debtors	20,000
6% Debentures	70,000	Bills receivable	15,000
Bank overdraft	10,000	Cash at bank	5,000
TOTAL	2,00,000	TOTAL	2,00,000

Other information

- Net sales Rs. 3,00,000
- Cost of goods sold Rs. 2,50,000
- Opening stock Rs. 20,0000
- No. working days 360 days

Calculate:

- Current ratio
- Liquid ratio
- Fixed assets turnover ratio
- Debt equity ratio
- Proprietary ratio
- Inventory turnover ratio

19. Prepare a Fund Flow Statement. from the following Balance Sheet

Liabilities	2013	2014	Assets	2013	2014
Share capital	1,00,000	1,25,000	Land & building	1,00,000	95,000
General reserve	25,000	30,000	Plant & machinery	75,000	84,500
P & L	15,250	15,300	Debtors	40,000	32,000
Bank Loan	35,000	---	Stock	50,000	37,500
Creditors	75,000	67,500	Cash	250	4,300
Provision for Taxation	15,000	17,500	Good will		2,000
Total	2,65,250	2,55,300	Total	2,65,250	2,55,300

Additional information:

- 1) Dividend of Rs.11,000 was paid during the year 2014
- 2) Depreciation on Plant written off in the year 2014 was Rs.7,000.
- 3) Provision for Income Tax Rs. 16,500 was made during the year 2014

20. A firm expects to have Rs.30,000 on 1st May 2006 and requires you to prepare an estimate of the cash position during the months May to July 2006. From the following information.

Months	Sales (Rs)	Purchases (Rs)	wages (Rs)	Factory exp. (Rs)	Office exp. (Rs)	Selling exp. (Rs)
March	40,000	24,000	6,000	3,000	4,000	3,000
April	46,000	28,000	6,500	3,500	4,000	3,500
May	50,000	32,000	6,500	4,000	4,000	3,500
June	72,000	36,000	7,000	4,400	4,000	4,000
July	84,000	40,000	7,250	4,250	4,000	4,000

Other information:

- (i) 25% of the sale is for cash, remaining amount is collected in the month following that of sale.
- (ii) Suppliers supply goods on two months credit.
- (iii) Delay in payment of wages and all other expenses : One month
- (iv) Income tax of Rs.10,000 is due to be paid in July.
- (v) Preference share dividend of 10% on Rs.1,00,000 is to be paid on May.

22. Yes Ltd., furnish the following information.

Year	Units	Total costs (Rs.)	Sales (Rs.)
2014	10,000	80,000	1,00,000
2015	12,000	90,000	1,20,000

Find out the following:

- a) BEP both in units and amount
- b) Margin of safety for both the periods,
- c) Sales required to earn a profit of Rs. 50,000,
- d) Profit for the sale of Rs. 1,80,000, and
- e) If selling price is reduced to Rs. 90 how many units to be sold to get the same profit in 2015.
