

Duration: 3 hours

Max. marks 60

Instructions:

1. This paper consists of **Nine** Questions carrying **Equal** marks.
2. Question No.1 consists of **5 Compulsory** Questions of **2 Marks Each**.
3. Answer any **5** questions from Question **2,3,4,5,6,7,8 and 9**.
4. **Each** question carries **10** marks. Figures to the **right** indicate marks.

Q.1) Answer the following:

(5x2=10)

- (a) Role of Management Accountant in decision making
- (b) Types of Functional budgets
- (c) Performance Budgeting
- (d) Advantages of Ratio Analysis
- (e) Different types of standards

Q.2) Star Ltd. provides you the following information:

Normal Capacity	40,000 units
Units Produced	50,000 units
Closing Stock	5,000 units
Opening Stock	?
Units Sold	48,000 units
Selling Price per unit	Rs. 25
Variable Cost per unit:	
Direct Material	Rs.5
Direct Labour	Rs.4
Variable Production overheads per unit	Rs.3
Fixed Overheads:	
Production Overheads	Rs.40,000
Administration Overheads	Rs. 30,000
Selling & Distribution Overheads	Rs.30,000

You are required to: (i) Prepare an Income Statement under Absorption Costing and Marginal Costing and (ii) Explain the reason for difference in the profits under both the methods. **(10)**

Q.3) What purpose is served by instituting a budgetary control system in an organization having both manufacturing and selling activities? **(10)**

Q.4) The following information relates to XYZ Ltd.

Month	Wages incurred	Material Purchased	Overhead	Sales
February	6,000	20,000	10,000	30,000
March	8,000	30,000	12,000	40,000

April	10,000	25,000	16,000	60,000
May	9,000	35,000	14,000	50,000
June	12,000	30,000	18,000	70,000
July	10,000	25,000	16,000	60,000
August	9,000	25,000	14,000	50,000
September	9,000	30,000	14,000	50,000

Additional information:

1. It is expected that cash balance on 31st May will be Rs.22,000
 2. The wages maybe assumed to be paid within the month they are incurred.
 3. It is the company's policy to pay creditors for materials three months after receipt.
 4. Debtors are expected to pay two months after delivery.
 5. Included in the overhead figure is Rs. 2,000 per month which represents depreciation on two cars and one delivery van.
 6. There is a one-month delay in paying the overhead expenses.
 7. 10% of the monthly sales are for cash and 90% are sold on credit.
 8. A commission of 5% is paid to agents on all the sales on credit but, this is not paid until the month following the sales to which it relates; this expense is not included in the overhead figure shown.
 9. It is intended to repay a loan of Rs. 25,000 on 30th June.
 10. Delivery is expected in July of a new machine costing Rs.45,000 of which Rs.15,000 will be paid on delivery and Rs. 15,000 in each of the following months.
 11. Assume that overdraft facilities are available, if required.
- You are required to prepare a cash budget for the three months of June, July and August.

(10)

Q.5) The details regarding the composition and the weekly wage rates of labour force engaged on a job scheduled to be completed in 30 weeks are as follows:

Category of workers	Standard		Actual	
	No. of workers	Weekly wage rate per worker	No. of workers	Weekly wage rate per worker
Skilled	75	Rs.60	70	Rs.70
Semi-skilled	45	Rs.40	30	Rs.50
Unskilled	60	Rs.30	80	Rs.20

The work is actually completed in 32 weeks. Calculate Labour Cost Variance, Labour Rate Variance, Labour Efficiency Variance and Labour Mix Variance.

(10)

Q.6) Calculate the following ratios from the given Balance Sheet and Comment on the Solvency, Profitability, and Leverage Positions of the firm.

- (i) Current ratio
- (ii) Debt equity Ratio
- (iii) Fixed assets to Net Worth ratio
- (iv) Return on Capital employed

Balance sheet as on 31-03-2019

Liabilities	Rs.	Assets	Rs.
600 Shares of Rs.100 each	60,000	Land	40,000
General Reserve	35,000	Plant	20,000

Dividend Equalization Reserve	5,000	Machines	27,500
Long Term Loans	20,000	Investments (fixed)	25,000
Bills Payable	30,000	Inventories	30,000
Provision for Tax	5,000	Bills Receivables	13,500
Profit & Loss Account		Cash and Bank	12,000
Balance	1,000	Preliminary Expenses	8,000
Current year	20,000		
	1,76,000		1,76,000

Q.7) The Balance Sheets of Surindra Ltd. for the year 2018 and 2017 are given below.

Balance Sheets of Surindra Ltd. as at 31st March 2018 and 2017

<i>Particulars</i>	<i>31.3.2018(Rs.)</i>	<i>31.3.2017(Rs.)</i>
1. Equity and Liabilities		
<i>Shareholders' funds</i>		
Share Capital:		
Equity Share Capital	12,00,000	6,00,000
Preference Share Capital	9,00,000	5,00,000
<i>Reserves and Surplus:</i>		
Reserve Fund	5,00,000	4,00,000
Profit and Loss Balance	3,00,000	2,00,000
<i>Non- Current Liabilities:</i>		
Long Term Loans	5,00,000	2,00,000
<i>Current Liabilities:</i>		
Trade Payables (Creditors)	3,00,000	1,00,000
Total	37,00,000	20,00,000
2. Fixed Assets		
<i>Fixed Assets (Gross)</i>	28,00,000	15,00,000
Less: Depreciation	(8,00,000)	(5,00,000)
Investments	5,00,000	4,00,000
<i>Current Assets:</i>		
Inventories	6,50,000	4,50,000
Accounts Receivables	4,00,000	1,00,000
Cash	1,50,000	50,000
Total	37,00,000	20,00,000

- 1) You are required to comment on the financial position of the business with the help of Comparative Balance Sheet Technique. (07)
- 2) What do you understand by the analysis and interpretation of financial statement? Explain their utility and significance to the management and others who are interested in the business. (03)

Q.8) The following are the summarised Balance Sheets of X Ltd, as on 31st March 2010 and 31st March 2011:

Liabilities	2010 (Rs)	2011 (Rs)	Assets	2010 (Rs)	2011 (Rs)
Share Capital	6,00,000	8,00,000	Plant & Machinery (at cost)	4,00,000	6,45,000
Debentures	2,00,000	3,00,000	Land & Building (at cost)	3,00,000	4,00,000
Profit & Loss Ac	1,25,000	2,50,000	Stock	3,00,000	3,50,000
Creditors	1,15,000	90,000	Bank	20,000	40,000
Provision for bad and doubtful debts	6,000	3,000	Preliminary Expenses	7,000	6,000
Provision for Depreciation:			Debtors	69,000	61,000
- On Land & Building	20,000	24,000			
- On Plant & Machinery	30,000	35,000			
	10,96,000	15,02,000		10,96,000	15,02,000

Additional Information:

- (i) During the year a part of the machinery costing Rs. 70,000 (accumulated depreciation thereon Rs.2000) was sold for Rs.6000.
- (ii) Dividends of Rs.50,000 were paid during the year.

You are required to (a) Ascertain Changes in Working Capital for 2011.

(b) Prepare Funds Flow Statement.

(10)

Q.9) The Balance Sheet of Amar Ltd. is as follows:

Particulars	Note No.	31-03-2016 (Rs.)	31-03-2015 (Rs.)
1. Equity and Liabilities			
A. Shareholder's Funds:			
(a) Share Capital		1,00,000	1,00,000
(b) Reserves and Surplus	1	1,98,000	1,96,000
B. Non-Current Liabilities			
Long term borrowings	2	90,000	62,000
C. Current Liabilities			
Trade payables		82,000	72,000
Total		4,70,000	4,30,000
II. Assets			
A. Non-current assets			
Fixed assets (tangibles)	3	3,42,000	3,00,000
B. Current Assets			
(a) Inventory (stock)		44,000	50,000
(b) Trade receivables (debtors)		76,800	70,000
(c) Cash and Cash Equivalent		7,200	10,000
Total		4,70,000	4,30,000

	(Rs.)	(Rs.)
1. Reserve and Surplus		
General reserves	1,00,000	1,00,000
Balance of Profit and Loss	<u>98,000</u>	<u>96,000</u>
	<u>1,98,000</u>	<u>1,96,000</u>
2. Long-term Borrowings		
Loan from Bank	50,000	62,000
Loan from Associate Company	<u>40,000</u>	<u>---</u>
	<u>90,000</u>	<u>62,000</u>
3. Fixed Assets (Tangibles)		
Land	60,000	40,000
Buildings	1,10,000	1,00,000
Machinery	<u>1,72,000</u>	<u>1,60,000</u>
	<u>3,42,000</u>	<u>3,00,000</u>

Additional Information:

During the year Rs.52,000 was paid as dividends. The provision for depreciation against machinery as on 31.3.2015 was Rs. 54,000 and on 31.3.2016 was Rs. 72,000. You are required to prepare Cash flow statement. (10)

***** All the Best *****