Answer Key

SYBCom (Accounting & Finance) Sem IV April 2019 DATE:

QP Code : 66451 Date of Exam: 04.05.2019

Course : Management Accounting

NOTE : Kindly give marks for alternative answer/solution

Q1 (A) (Any 8)

1. 2:1
2. Total Current Assets
3. Sales
4. investing
5. temporary
6. Current Assets
7. earliest
8. gross profit
9. Balance sheet
10. financing

(1 Mark × 8 = 8 marks)

(B) (Any 7)

1. Equity share capital – shareholder's fund
2. Comparative statement – 2 yrs financial statements
3. Temporary working Capital – fluctuating working capital
4. Trend Analysis – 3-4 yrs financial statements
5. Permanent working capital – Core working capital
6. Purchase of furniture – Cash outflow from investing activity
7. Net profit ratio – Income statement ratio
8. Bankoverdraft – Non quick current liability
9. Quick ratio – Balance sheet ratio
10. Stock – Non-quick current asset

(1 Mark × 7 = 7 Marks)

1 – J 2 – I 3 – G 4 – H 5 – A

6 – B 7 – C 8 – D 9 – F 10 – E

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Q2 Sona Ltd pg 2 15 marks

DATE:

Commonsize Income Statement for yr ending 31-03-2019

PARTICULARS	₹	₹	%	%
Sales		10,00,000		100
Less: COGS				
opening stock	30,000		3	
(+) Purchases	3,00,000		30	
(+) wages	30,000		3·0	
(+) Carriage inwards	30,000		3·0	
(−) closing stock	(10,000)	3,80,000	1	38
GROSS PROFIT		6,20,000		62
Less: operating expenses				
(a) office & administrative				
Salaries	40,000		4	
Printing & stat	4,000		0·4	
Telephone exp	6,000		0·6	
General exp	3,000		0·3	
	53,000		5·3	
(b) Selling & distribution				
Salesman's Comm	5,000		0·5	
Bad debts	2,000		0·2	
Carriage outwards	35,000		3·5	
Advertisement	20,000		2	
Exhibition exp	5,000		0·5	
	67,000		6·7	
a+b		(1,20,000)		12
operating Net Profit before Interest		5,00,000		50
Less: Interest		4,000		0·4
operating NP after Interest		4,96,000		49·6
Add: NOI / Gains				
Profit on sale of fur		5000		0·5
Dividend recd		6,000		0·6
Less: NOE / Losses				
Penalty		(3,000)		0·3
NPBTax		504,000		50·4
Less Tax		10,000		1
NPAT		494000		49·4

(5)+(2½)+(5)+(2½

OR

(Q2) Mona Ltd (3 marks x5 = 15 marks)

DATE: pg 3

① Gross profit ratio = $\frac{\text{Gross profit}}{\text{Sales}} \times 100$ (1)

$= \frac{4,00,000}{10,00,000} \times 100 = \underline{40\%}$ (1)

Gross profit = Sales − COGS = 10,00,000 − 6,00,000 = 4,00,000 (1)

② Debtors Turnover ratio = $\frac{\text{Credit Sales}}{\text{Avg Receivables}}$ (1)

$= \frac{2,00,000}{50,000} = \underline{\underline{4}}$ (1)

Avg Receivables = Debtors + Bills Receivables = 35,000 + 15,000 = 50,000 (1)

③ Return on Proprietor's Fund = $\frac{\text{NPATax}}{\text{Proprietor's Fund}} \times 100$ (1)

$= \frac{40,000}{4,00,000} \times 100 = \underline{10\%}$ (1)

Proprietors Fund = Equity Share Cap + Preference Share Cap + Gen Reserve + Profit & Loss A/c + Capital Reserve (1)

= 2,00,000 + 1,00,000 + 40,000 + 50,000 + 10,000

= 4,00,000

④ Current Ratio = $\frac{\text{Current Assets}}{\text{Current Liabilities}}$ (1)

$= \frac{\text{Debtors + Stock + Bills Rec + Investment + Cash + Bank}}{\text{Creditors + Bills payable}}$ (1)

$= \frac{35,000 + 15,000 + 15,000 + 30,000 + 10,000 + 5,000}{35,000 + 15,000}$

$= \frac{110000}{50,000} = \underline{\underline{2.2:1}}$ (1)

⑤ Stock Turnover Ratio = $\frac{\text{COGS}}{\text{Avg stock}}$ (1) $= \frac{6,00,000}{50,000} = \underline{\underline{12 \text{ Times}}}$ (2)

Avg stock = $\frac{\text{opening stock + Closing stock}}{2} = \frac{85,000 + 15,000}{2} = 50,000$ (1)

15 Marks

DATE

Q3 Working Capital Statement

PARTICULARS	WORKING	₹	₹	
I Current Assets				
Stock				
Raw Material	5000 x 10 x 3	150000		(1)
Work-in-process				
Raw material	5000 x 10 x 1	50,000		(1)
Labour	5000 x 3 x 1 x 50%	7,500		(1)
Overheads	5000 x 5 x 1 x 50%	12,500		(1)
		70,000		(1)
Finished goods	5000 x 18 x 2	180,000	4,00,000	(1)+(1)
Debtors	5000 x 20 x 2		2,00,000	(1)
Cash	given		10,000	(1)
TOTAL (I)			6,10,000	(1)
II Current Liabilities				
Creditors	5000 x 10 x 3		1,50,000	(1)
o/s wages	5000 x 3 x 1		15,000	(1)
o/s Overheads	5000 x 5 x 1		25,000	(1)
TOTAL (II)			190,000	(1)
Working Capital I – II			4,20,000	(1)

WN: ① Cost p.u – RM ₹ 10
o/h ₹ 5
wgs ₹ 3
18
profit ₹ 2
SP ₹ 20

② Yearly units = 60,000
∴ Per month = 60,000 / 12
= 5,000 units

Pg 5 . 15 Marks

Q3 Somnath Ltd

DATE:

Comparative Balance sheet as on 31st March

PARTICULARS	31.03.18	31.03.19	diff (₹)	diff (%)
I Sources of Funds				
① Shareholder's Funds				
(a) Share Capital				
Equity Share Cap	2,00,000	2,50,000	50,000	25.00
Preference share cap	1,30,000	1,90,000	60,000	46.15
	3,30,000	4,40,000	110000	33.33
(b) Reserves & surplus	50,000	60,000	10,000	20.00
①	3,80,000	5,00,000	120000	31.58
(2) Borrowed Funds ②	NIL	NIL	NIL	NIL
TOTAL (1) + (2)	3,80,000	5,00,000	1,20,000	31.58
II Application of Funds				
① Fixed Assets				
Land & Blgs	2,00,000	2,70,000	70,000	35
Plant & Machinery	1,00,000	1,20,000	20,000	20
Furniture	60,000	80,000	20,000	33.33
①	3,60,000	4,70,000	1,10,000	30.56
(2) Working Capital				
(a) Current Assets				
debtors	20,000	25,000	5,000	25
Stock	20,000	40,000	20,000	100
Cash	8,000	10,000	2,000	25
Bank	2,000	5,000	3,000	150
	50,000	80,000	30,000	60
(b) Current Liabilities				
Creditors	10,000	20,000	10,000	100
Bills Payable	20,000	30,000	10,000	50
	30,000	50,000	20,000	66.67
~~(a) − (b)~~ a − b ②	20,000	30,000	10,000	50
TOTAL (1) + (2)	3,80,000	5,00,000	120000	31.58
	4 mks	4 mks	4 mks	3 mks

15 Marks

(Q4) Saaj Ltd

DATE:

15 marks

Cash Flow Statement for the Year ended 31. 03. 2019

Particulars	₹	₹	
(I) Cashflow from operating activities			
Net profit (100000 - 60,000)	40,000		(1)
Add: Depreciation on Plant & Mach	10,000		(1)
Depreciation on Furniture	3,000		(1)
Transfer to Reserves	10,000		(1)
Provision for tax	25,000		(1)
	88,000		
Adjust changes in Working Capital			
Add: Increase in creditors	10,000		(1)
Less: Decrease in Bills Payable	(20,000)		(1)
Increase in debtors	(20,000)		(1)
Increase in stock	(18,000)		(1)
	40,000		
Less: Tax paid	(5,000)	35,000	(1)
(II) Cashflow from investing activities			
Purchase of Land & Bldgs		(40,000)	(1)
(III) Cashflow from financing activities			
Issue of equity shares	2,00,000		(1)
Redemption of 12% Pref. Shares	(1,50,000)		(1)
Loan repaid	(40,000)	10,000	(1)
NET CASH FLOW (I+II+III)		5,000	(1/2)
Add: Opening Cash & Bank bal		50,000	(1/2)
Closing Cash & Bank bal		55,000	
			15

WN

Provision for Tax A/c

To Cash	5,000	By bal b/d	30,000
To bal c/d	50,000	By P/L (Bal Fig)	25,000
	55000		55000

DATE:

(Q4)

15 Marks

Cost per unit (₹) :	Raw Material	12
	Overheads	8
	Wages	5
	Total Cost	25
	(+) Profit	5
	S.P	30

(1 year = 52 weeks)

Working Capital Statement

PARTICULARS	WORKING	₹	₹	
(I) Current Assets				
Stock				
Raw Material	104,000 × 12 × 9/52	216,000		(1)
WIP: Raw Material	104000 × 12 × 4/52	96,000		(1)
Labour	104000 × 5 × 4/52 × 1/2	20,000		(1)
Overheads	104000 × 8 × 4/52 × 1/2	32,000		(1)
		148,000		(1)
Finished Goods	104000 × 25 × 12/52	6,00,000	964,000	(1) +(1)
Debtors	104000 × 30 × 8/52		480,000	(1)
Cash	GIVEN		20,000	(1)
TOTAL (I)			14,64,000	(1)
(II) Current Liabilities				
Creditors	104000 × 12 × 12/52		288,000	(1)
O/s wages	104000 × 5 × 4/52		40,000	(1)
O/s overheads	104000 × 8 × 4/52		64,000	(1)
TOTAL (II)			392,000	(1)
Working Capital (I − II)			10,72,000	(1)