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61303

I Semester M.B.A. Degree Examination, Feb. 2019
(CBCS)
MANAGEMENT
Paper – 1.3 : Accounting for Managers

Time : 3 Hours

Max. Marks : 70

SECTION – A

Answer any five :

(5×5=25)

1. Define the term Depreciation and state the factors which provides for Depreciation.
2. Explain the importance of Human Resource Accounting.
3. Journalise the following transactions of Ram and Sons for the year 2016.
June 1 Business started with ₹ 1,00,000 and cash deposited in bank ₹ 60,000
June 2 Machinery purchased from Karan for cash of ₹ 20,000
June 3 Furniture purchased from Mr. A on credit of ₹ 10,000
June 6 Goods sold to Rohit at ₹ 9,000
June 9 Goods returned by Rohit of ₹ 2,500
June 13 Sold goods for cash of ₹ 15,000
June 14 Bought goods for cash of ₹ 12,000
June 16 Cash received from Rohit of ₹ 4,000
June 20 Cash paid to Karim of ₹ 7,000.
June 24 Cash withdrawn from bank of ₹ 18,000
June 27 Paid for advertisement at ₹ 4,200
June 28 Paid rent of ₹ 1,200
June 30 Office stationery purchased for ₹ 2,000
June 30 Cash withdrawn from bank for his personal use ₹ 3,000.

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4. The Fairdeal Granary was not maintaining a perpetual inventory system for its stocks until recently. Only physical inventory was taken at the end of each month. The physical inventory at the end of December, 2014, showed 200 bags of fine rice at ₹ 212.25 per bag.

Following purchases were made in January, 2015 :

3rd 400 bags at ₹ 218.00 per bag

10th 900 bags at ₹ 223.50 per bag

15th 400 bags at ₹ 220.00 per bag

Following issues are made :

28th 700 bags

30th 300 bags

You are required to calculate the value of stock on 31st January, 2015 according to :

- a) First-in-First-out
b) Last-in-First-out
5. On 1st April 2000, a firm purchased machinery for ₹ 2,00,000. On 1st October, 2000, Additional machinery costing ₹ 1,00,000 was purchased. On 1st October, 2001, the machinery purchased on 1st April, 2000 having become obsolete, was sold off at ₹ 90,000. On 1st October, 2002, new machinery was purchased for ₹ 2,50,000 while the machinery purchased on 1st October, 2000 was sold for ₹ 84,000 on the same day.

The firm provides depreciation on its machinery @ 10% p.a. on the original cost. It closes its books of accounts on 31st March each year. Show machinery account for the period of three accounting years ending 31st March, 2002.

6. From the information given below prepare flexible budget at 60 and 80 per cent capacities and fix the total overhead rates as a per cent on direct wages at these capacities.

	At 60% Capacity	At 75% Capacity	At 80% Capacity
	₹	₹	₹
Variable overheads :			
Indirect materials		7,500	
Indirect labour		22,500	



Semi-variables overheads :	
Electricity (40% fixed, 60% variable)	37,500
Repairs and maintenance (80% fixed, 20% variable)	3,750
Fixed overheads :	
Salaries	1,00,000
Insurance	5,000
Depreciation	25,000

Estimated direct wages, ₹ 40,250 at 75% capacity.

7. Mention the branches of Accounting and discuss briefly the scope and importance of each.

SECTION - B

Answer any three of the following questions, each question carries ten marks.

(3×10=30)

8. Explain the trends of accounting with the concepts :
- IFRS and
 - Forensic accounting
9. From the following information of a company, prepare the Balance Sheet if its sales are ₹ 28,00,000.
- | | |
|---------------------------|-----------|
| Sales to net worth | 2.1 times |
| Current debt to net worth | 40% |
| Total debt to net worth | 72% |
| Current ratio | 2.7 times |
| Net sales of inventory | 4.2 times |
| Average collection period | 60 days |
| Fixed assets to net worth | 50.2% |

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Balance Sheet

Net worth	Fixed Assets
Long-term debt	Cash
Current debt	Stock
	Sundry debtors
Total	Total

10. Ms. Jyothi of Star Oils Limited has collected the following information for the preparation of cash flow statement for the year ending 31-3-2015 :

	(₹ in lakhs)
Net Profit	25,000
Dividend (including dividend tax) paid	8,535
Provision for income tax	5,000
Income tax paid during the year	4,248
Loss on Sale of Assets (net)	40
Book Value of the Assets sold	185
Depreciation charged to Profit and Loss Account	20,000
Amortisation of Capital Grant	6
Profit on Sale of Investments	100
Carrying amount of Investments sold	27,765
Interest Income on Investments received during the year	2,506
Interest Expenses	10,000
Interest paid during the year	10,520
Increase in Working Capital (excluding Cash and Bank balance)	68,075

Semester M.B.A. Degree Examination, Jan./Feb. 2015

(CBCS) (2014-15 and Onwards)

MANAGEMENT

Paper – 1.3 : Accounting for Managers

Time : 3 Hours

SECTION – A

Answer any five of the following questions. Each question carries five marks.

(5×5=25)

1. What is window dressing? Give examples.
2. Did you explain in brief the various techniques for cost control and cost reduction?
3. List the various users of financial statements and state their informational needs.
4. The following details are provided for machinery owned by Shree Industries Ltd.

Cost of machine	Rs. 78,00,000
Expected useful life	10 years
Consideration expected on disposal	Rs. 4,20,000
Estimated cost of removal of the machine for disposal	Rs. 30,000
Estimated realizable value	Rs. 8,90,000

- a) Determine the rate of depreciation as per Straight Line Method.
- b) Determine the annual depreciation and accumulated depreciation for all the years under Straight Line Method.
- c) Show the disposal of machine in the balance sheet for all the years.

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5. The budgeted expenses at 10,000 units of production are :

	Per Unit (Rs.)
Direct materials	80
Direct labour	30
Variable overheads	20
Fixed overheads (Rs. 1,80,000)	18
Variable expenses (Direct)	15
Selling expenses (20% fixed)	15
Administration expenses (Rs. 1,00,000 fixed)	10
Total	158

Prepare flexible budget for 7,000 units.

6. You are given the following data :

Sales price	Rs. 350 per unit
Variable cost	Rs. 200 per unit
Fixed expenses	Rs. 16,50,000

Ascertain

- break-even point;
 - selling price per unit if break-even point is brought up to 15,000 units; and
 - selling price per unit if break-even point is brought down to 10,000 units.
7. Transactions of Omni Cab Company for the year ended on 31st December 2017 include the following :

	Rs.
Borrowed from a bank and purchased land	4,00,000
Sold investment securities	7,00,000
Paid dividends	3,00,000

Issued 500 equity shares	3,50,000
Purchased machinery and equipment	1,75,000
Bank loan paid	6,50,000
Paid accounts receivable outstanding	1,00,000
Accounts payable increased	1,90,000

Calculate the Company's net cash flow used in investing and financing activities.

SECTION - B

Answer any three questions. Each question carries ten marks : (3×10=30)

8. Explain in detail the various concepts and conventions which influence the preparation of financial statements.

9. X Ltd., has manufactured and sold 3 products during 2017 as follows :

Product X	-	20000 units
Product Y	-	14000 units
Product Z	-	10000 units

Cost analysis has disclosed as follows :

	Per Unit		
	Product X (Rs.)	Product Y (Rs.)	Product Z Rs.
Marginal cost	10	16	16
Listed price	20	33	40
Time taken (hours)	2.5	3	2.5
Fixed cost - Pk. 2,00,000			
Discount - 10%			

Due to shortage of labour, the available hours for the next year are expected to be only 90000 hours.

Suggest a suitable product mix for the next year.

- a) when there is enough demand for all the three products and
 b) when the potential demand is
- i) Product X – 18000 units
 - ii) Product Y – 10000 units
 - iii) Product Z – 12000 units

10. From the following information prepare Cash Flow Statement by Indirect Method (AS-III).

Comparative Balance Sheet
Excellent Ltd.

Liabilities and Capital	As at	As at	Assets	As at	As at
	31-5-2015	31-3-2018		31-3-2018	31-5-2016
	Rs.	Rs.		Rs.	Rs.
Share capital	50,00,000	40,00,000	Fixed assets	31,00,000	30,00,000
Reserves	15,00,000	5,00,000	Investments	1,50,000	
Secured loans	35,00,000	40,00,000	Cash balances	2,50,000	1,25,000
Bondry creditors	30,00,000	38,00,000	Inventory	75,00,000	78,75,000
Bills payable	20,00,000	25,00,000	Summary debtors	20,00,000	35,00,000
			Bills receivable	10,00,000	7,00,000
	1,50,00,000	1,48,00,000		1,68,00,000	1,45,00,000

Additional Information :

- i) The net profit for the year after adjustment in respect of provisions for dividends and taxation is Rs. 10,00,000.
- ii) There was addition to fixed assets during the year amounting to Rs. 4,00,000 and depreciation for the year was Rs. 3,00,000.

11. A company has furnished the following Ratios and Information for the year ended 31st March 2016.

Sales	Rs. 60,00,000
Current ratio	2
Share capital to reserves	7:3
Return on net worth	25%
Net profit to sales	6.25%
Inventory turnover (based on COGS)	12
Cost of goods sold	Rs. 18,00,000
Interest on debentures	Rs. 60,000
Sundry debtors	Rs. 2,00,000
Sundry creditors	Rs. 2,00,000

You are required to draw the Balance Sheet as at 31st March 2016 in the following format by supplying the missing figures.

Balance Sheet as at 31st March 2016

Liabilities	Rs.	Assets	Rs.
Share capital	—	Fixed assets	—
Reserve and surplus	—	Current assets	—
15% debentures	—	Stock	—
Sundry creditors	—	Debtors	—
		Cash	—

SECTION - C

This is a compulsory question carrying 100 marks :

(T.M.16=15)

12. Following is the Trial Balance of XYZ Ltd. as on 31st March 2016.

Particulars	Debit (Rs.)	Credit (Rs.)
Equity share capital		30,00,000
12% preference share capital		20,00,000
Reserve fund		15,00,000
Buildings	50,00,000	
10% debentures		20,00,000
Plant and machinery	20,00,000	
Purchase and sales	25,00,000	60,00,000
Salary	5,00,000	
Debtors and creditors	23,00,000	17,50,000
Bill	8,00,000	9,00,000
Directors fees	2,00,000	
Bad debts	50,000	
Returns	1,50,000	2,00,000
Wages	1,50,000	
Opening stock	4,50,000	
Profit and Loss Account on 01-04-2015		6,00,000
Loose tools	6,00,000	
Goodwill	8,00,000	
Discount on issue of shares	2,00,000	
Cash and bank balances	8,30,000	
12% investments (01-04-2015)	20,00,000	
Interest on investments		1,00,000
Total	1,61,30,000	1,61,30,000

Adjustments :

1. Closing stock valued at Rs. 14,00,000.
2. Outstanding wages Rs. 25,000.
3. Debenture Interest is outstanding for the whole year.
4. Write off Rs. 50,000 further bad debts.
5. Buildings and plant and machinery to be depreciated by 5% and 10% respectively.
6. Transfer Rs. 2,50,000 to reserve.
7. The directors propose 15% dividend to equity shareholders.

You are required to prepare Profit and Loss Account and Balance Sheet as on 31st March 2016 in the vertical form as per Part I of Schedule VI of the Companies Act, 1956.



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I Semester M.B.A. Degree Examination, February 2017

(CBCS)

MANAGEMENT

Paper – 1.3 : Accounting for Managers

Time : 3 Hours

Max. Marks : 70

SECTION – A

Answer **any five** of the following questions. **Each** question carries **five** marks. **(5×5=25)**

1. What is GAAP ? Explain the need for GAAP.
2. Explain the factors influencing depreciation.
3. Explain various sources of information for decision making to the stake holders of the Company.
4. Explain how product price is fixed under :
 - i) Traditional costing
 - ii) Target costing.

5.	Sales Rs.	Profit Rs.
Year – 1	10,00,000	2,00,000
Year – 2	15,00,000	4,00,000

You are required to calculate :

- i) P.V. Ratio
- ii) Fixed cost
- iii) Break even sales volume
- iv) Sales to earn a profit of Rs. 3,00,000.

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6. From the following data prepare flexible budget for production of 40000 units and 60000 units of product 'X' distinctly showing variable cost and fixed cost as well as total cost.

	100000 units (per unit cost)
Direct Material	90
Direct Labour	45
Direct variable expenses	10
Manufacturing variable overhead	30
Fixed production overhead	10
Administration overhead (fixed)	5

7. Present the following information to show clearly to management :

- a) The marginal product cost and the contribution per unit.
- b) The total contribution and profits resulting from each of the following mixtures.

	Product	
	A	B
Direct Material	10	9
Direct wages	3	2
Variable expenses 100% of direct wages for both products		
Selling price	20	15
Fixed expenses 800		

Sales mixtures :

- a) 100 units of product A and 200 of B
- b) 150 units of product A and 150 of B
- c) 200 units of product A, and 100 of B.

SECTION – B

Answer **any three** of the following questions. **Each** question carries **10** marks. **(3×10=30)**

8. What is window dressing of financial statements ? Explain the motives and forms of window dressing.



9. "Costs may be classified in a variety of ways according to their nature and the information needs of management". Explain and discuss this statement giving examples of classification required for different purposes.
10. A company having a net working capital of Rs. 2,80,000 as 31-3-2015 indicates the following financial ratios and performance figures :
- | | |
|---------------------------------------|-----|
| Current ratio | 2.4 |
| Liquidity ratio | 1.6 |
| Inventory turnover (on cost of sales) | 8 |
| Gross profit on sales | 20% |
| Credit allowed (months) | 1.5 |
- The company's fixed assets is equivalent to 90% of its net worth (share capital plus reserves) while reserves amounted 40% of share capital. Prepare the imaginary Balance Sheet of a company as on 31-3-2015 showing step by step calculation.
11. From the following information prepare Cash Flow Statement according to A.S – 3 (Indirect Method) :

Comparative Balance Sheet Excellent Ltd.

Liabilities and Capital	As at	As at	Assets	As at	As at
	31-3-2006	31-3-2005		31-3-2006	31-3-2005
	Rs.	Rs.		Rs.	Rs.
Share capital	50,00,000	40,00,000	Fixed Assets	31,00,000	30,00,000
Reserves and Surplus	15,00,000	5,00,000	Investments	1,50,000	—
Secured Loans	35,00,000	40,00,000	Cash and Bank Balances	2,50,000	1,25,000
Current Liabilities	50,00,000	60,00,000	Stocks, Stores, Work-in-Progress	75,00,000	78,75,000
			Sundry Debtors	40,00,000	35,00,000
	1,50,00,000	1,45,00,000		1,50,00,000	1,45,00,000

- i) The net profit for the year after adjustment in respect of provisions for dividends and taxation was Rs. 10,00,000.
- ii) There was addition to Fixed Assets during the year amounting to Rs. 4,00,000 and Depreciation for the year was Rs. 3,00,000.



SECTION – C

12. **Case study : Compulsory.** (1×15=15)

Prepare a Balance Sheet in a vertical form as at 31-3-2016 from the following information of XYZ Ltd. as required under Part I – B of Schedule III of the Companies Act, 2013.

Term loans	10,00,000	Sundry debtors	12,25,000
Sundry creditors	11,45,000	Miscellaneous expenses	58,000
Advances	3,72,000	Loans from debtors	2,00,000
Cash and bank balances	2,75,000	Provision for doubtful debts	20,200
Staff advances	55,000	Stores	4,00,000
Provision for taxation	1,70,000	Fixed assets (WDV)	51,50,000
Share premium	4,75,000	Finished goods	7,50,000
Loose tools	50,000	General reserve	20,50,000
Investments	2,25,200	Capital work-in-progress	2,00,000
Loss for the year	3,00,000		

Additional Information :

- 1) Share capital consists of :
 - a) 3,000 equity shares of Rs. 100 each fully paid up.
 - b) 10,000 – 10% redeemable preference shares of Rs. 100 each fully paid up.
- 2) Term loans are secured.
- 3) Depreciation on assets Rs. 5,00,000.



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I Semester M.B.A. Degree Examination, February 2016
(CBCS) (2014-15 & Onwards)
MANAGEMENT
Paper – 1.3 : Accounting for Managers

Time : 3 Hours

Max. Marks : 70

SECTION – A

Answer any five of the following questions. Each question carries 5 marks. (5x5=25)

1. What are the differences between Financial Accounting and Management Accounting ?
2. How is depreciation for partial periods recorded ?
3. What procedure would you adopt to study the liquidity of firm ?
4. Calculate stock turnover ratio from the following data :
Stock at the beginning of the year : Rs. 10,000/-
Stock at the end of the year : Rs. 5,000/-
Purchases : Rs. 25,000/-
Carriage inwards : Rs. 2,500/-
Total Sale : Rs. 50,000/-
Cash Sales : Rs. 5,000/-
5. Define standard costs and briefly indicate how they may be used by management in planning and control.
 - 1) Prepare common-size income statement for 2016 and 2015.
 - 2) What caused Karl's profitability to decline so dramatically in 2016 ?
 - 3) Analysis : in 2016 Karl's operating income was less than its interest expense. Does this mean that Karl was unable to make its interest payments in 2016 ? Explain.
6. How are the following items treated in determining net cash flow from operating activities :
 - a) interest paid
 - b) interest received
 - c) dividend paid

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- d) dividend received
- e) gain on sales of investments
- f) loss on exchange of plant; and
- g) gain on redemption of debenture?

7. "Expenses are used-up assets". Explain.

SECTION – B

Answer any three questions. Each question carries ten marks.

(3×10=30)

8. Form the following particulars, calculate;

- i) Break-even point in terms of sales value and in units,
- ii) Number of units that must be sold to earn a profit of Rs. 1,00,000/-.

Fixed factory overhead cost	1,20,000
Fixed selling overhead cost	2,400
Variable manufacturing cost per unit	24
Variable selling cost per unit	6
Selling price per unit	48

9. What are the differences between current liabilities and long term liabilities?

10. In Department 'A' the following data is submitted for the week ending 31st October :

Standard output for 40 hours per week	1,400 units
Standard fixed overhead	Rs. 1,400
Actual output	1,200 units
Actual hours worked	Rs. 32 hrs.
Actual fixed overhead	Rs. 1,500

Prepare a Statement of Variance

11. Preparation of Adjusting entries and Financial Statements. Indian Business Service Ltd. was set up on January 1, 2009. Its Trial Balance on January 31, 2009 was as follows :

Account	Debit	Credit
Buildings	15,000	
Office equipment	12,000	



Office supplies	2,140	
Debtors	1,640	
Cash	630	
Prepaid Rent	3,600	
Creditors		1,020
Unearned Revenue		1,600
Share capital		20,000
Dividends	1,000	
Revenue from services		16,870
Salaries expenses	3,100	
Electricity expenses	380	
Total	39,490	39,490

The following additional information is available :

- a) The building is expected to be useful for 10 years and the office equipment has an estimated useful life of four years. None of these assets are expected to have any salvage value.
- b) The inventory of office supplies on January 31 is Rs. 970.
- c) Services for Rs. 900 were provided to customers in January although no bills have been raised.
- d) Services for Rs. 720 were provided to customers who had made full advance payments.
- e) Salaries of staff for the second fortnight totaling Rs. 3,100 have not been paid.
- f) The telephone company sent a bill for Rs. 480 for January after the close of the month's transaction.
- g) The company paid six month's rent as advance on January 1.

Required :

- 1) Prepare adjusting entries and post them to the T accounts.
- 2) Prepare an adjusted Trial Balance, a Profit and Loss Account, a statement of retained earnings, and a Balance Sheet.



SECTION - C

This is a **Compulsory** Section.

(1×15=15)

12. Determining Net Cash Flow from Operating Activities-Indirect Method : Dutt Company's Profit and Loss Account for the year ended June 30, 2015 is as follow :

**Dutt Company : Profit and Loss Account (In INR)
For the Year Ended June 30, 2015**

Sales	75,800
Gain on sales of investments	1,200
Interest income	900
Dividend from subsidiaries	300
Cost of goods sold	43,900
Depreciation Expense	6,700
Selling and Administration expense	8,500
Interest Expense	1,100
Loss on sales of plant and machinery	800
Profit before income tax	17,200
Income tax	8,300
Profit after Tax	8,900

Relevant Balance Sheet accounts on June 30, 2015 and 2014 are as follows :

	June 30, 2015	June 30, 2014
Inventories	9,300	7,900
Debtors (net of provision for Doubtful Debts of Rs. 1,600 and Rs. 800)	6,600	5,300
Prepaid Expenses	1,100	800
Creditors	8,400	6,300
Bill Payable	2,100	6,500
Income Tax Payable	2,100	2,800

Selling and Administrative Expenses included bad debt expense of Rs. 1,500. During the year ended June 30, 2015, Debtors totaling Rs. 700 were written off.

Required : Compute Net Cash Flow from operating activities using the Indirect method.



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I Semester M.B.A. Degree Examination, Jan./Feb. 2015
(CBCS) (2014-15 & Onwards)
MANAGEMENT
Paper – 1.3 : Accounting for Managers

Time : 3 Hours

Max. Marks : 70

SECTION – A

Answer **any five** of the following questions. **Each** question carries **5** marks.

Answer to **each** theoretical question should **not** exceed **250** words. **(5×5=25)**

1. Explain the assumptions underlying accounting measurement.
2. Write a note on Quality of Earnings.
3. Distinguish between cost control and cost reduction.
4. Explain the practical applications of Marginal Costing.
5. On September 1, 2012, Rashmi Sinha established Lovely Beauty Salon. The business engaged in the following transactions in the first month :
 - a) Rashmi Sinha invested Rs. 50,000 cash in business
 - b) Bought equipment for cash Rs. 15,000
 - c) Took a bank loan Rs. 25,000
 - d) Bought supplies on credit Rs. 3,000

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- e) Paid rent Rs. 12,500
- f) Paid creditors Rs. 1,500
- g) Received fee for services provided Rs. 29,000.

You are required to analyze the effect of the above transactions on the accounting equation.

6. XYZ Ltd., has prepared the following budget estimates for the year 2009-10.

Sales in units	15,000
Fixed expenses	Rs. 34,000
Sales in volume	Rs. 1,50,000
Variable cost per unit	Rs. 6

You are required to :

- i) Find out P/V ratio, break-even point and margin of safety.
- ii) Calculate the revised P/V ratio, break-even point and margin of safety in each of the cases :
 - a) Decrease of 10% in selling price
 - b) Increase of 10% in variable costs.



7. Ajay Company reported a net profit after tax of Rs. 3,40,000 for the year ended 31-3-2007. The relevant balance sheet accounts on 31-3-2006 and 31-3-2007 are as follows :

(Amount in Rs.)

Particulars	31-3-2007	31-3-2006
Inventories	59,000	72,000
Debtors	94,000	61,000
Pre paid Expenses	14,000	3,000
Creditors	82,000	78,000
Income Tax Payable	13,000	19,000

Depreciation expenses of Rs. 49,000 and gain on sale of investment of Rs. 8,000 appeared on the Profit and Loss account for the year ended 31-3-2007.

Calculate net cash flow from operating activities using indirect method.

SECTION – B

Answer **any three** of the following questions. **Each** question carries **10** marks.

Answer to **each** theoretical question should **not** exceed **500** words. **(10×3=30)**

8. Define Human Resource Accounting. Explain the various valuation techniques of human resource accounting.



9. What are Annual Reports ? Discuss the mandatory disclosures in a Company's Annual Reports.
10. The profitability statement of G Co. Ltd., has been summarized as given below.

Sales		15,00,000
Direct Material	4,50,000	
Direct Wages	3,00,000	
Variable Overheads	1,20,000	
Fixed Overheads	<u>4,40,000</u>	<u>13,10,000</u>
Profit		<u>1,90,000</u>

The budgeted capacity of the company is Rs. 20,00,000 but the key factor is sales demand. It is proposed that in order to utilize the existing capacity, the selling price of the only product manufactured by the company should be reduced by 5%. You are requested to prepare a forecast statement which should show the effect of the proposed reduction in selling price and include any changes in costs expected during the coming year. The following additional information is given.

- Sales forecast Rs. 19,00,000 (after reduction)
- Direct material prices are expected to increase by 2%
- Direct wage rates are expected to increase by 5% per unit
- Variable overheads are expected to increase by 5% per unit
- Fixed overheads will increase by Rs. 20,000.



11. The following is the Balance Sheet of Prashant Ltd., as on 31-3-2013

Balance Sheet of Prashant Ltd.

as at 31 March 2013

Liabilities and Equity	Amount	Assets	Amount
	₹		₹
Share capital		Fixed assets	6,10,000
Equity shares of		(Less: Depreciation)	
10% each 4,00,000		Current assets :	
1,000 12% Preference		Stock-in-trade 1,60,000	
shares of ₹ 100		Sundry debtors 1,20,000	
each 1,00,000	5,00,000	Bills receivable 25,000	
Reserve and surplus	1,00,000	Cash in hand	
12% Debentures	2,00,000	and bank 35,000	3,40,000
Current liabilities			
Creditors	1,20,000		
Bank Overdraft	<u>30,000</u>		
	<u>1,50,000</u>		
	9,50,000		9,50,000



Revenue Statement
For the Year Ended 31 March 2013

Particular	Amount (₹)
Net sales (credit)	7,30,000
Cost of sales	<u>6,20,500</u>
Gross profit	1,09,500
Administrative expenses	18,250
Selling and distribution expenses	<u>36,500</u>
Operating profit (before tax)	54,750
Taxation	<u>25,550</u>
Operating profit (after tax)	29,200

From the given information, you are required to compute the following ratios :

- 1) Current ratio
- 2) Liquidity ratio
- 3) Gross profit ratio
- 4) Debtor's velocity
- 5) Net profit ratio
- 6) Capital gearing ratio
- 7) Proprietary ratio
- 8) Stock working capital ratio
- 9) Administrative expenses ratio
- 10) Debt-equity ratio.



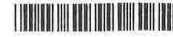
SECTION – C

12. Case Study – Compulsory :

(1×15=15)

The following is the trial balance of Venkateshwara Ltd., as at 31.3.2012

	Debit	Credit
Stock on 1 st April 2011	7,50,000	–
Sales	–	35,00,000
Purchases	24,50,000	–
Wages	5,00,000	–
Discounts	70,000	50,000
Salaries	75,000	–
Rent	49,500	–
General Expenses Including Insurance	1,75,000	–
Profit and Loss Account on 1 st April 2011	–	1,50,300
Dividends Paid	90,000	–
Bad Debts	48,300	–
General Reserve	–	1,55,000
Cash in hand and at Bank	1,62,000	–
Authorized capital and Issued Capital (Fully Subscribed) (1,00,000 Shares of Rs. 10 Each)	–	10,00,000
Sundry Debtors and Creditors	3,75,000	1,79,500
Plant and Machinery	2,90,000	–
Total	50,34,800	50,34,800



You are required to prepare a statement of Profit or Loss and a Balance Sheet for year ended 31st March, 2012 as per the Revised Schedule VI of the Companies Act.

- a) Closing Stock Rs. 8,20,000
 - b) Depreciate machinery at 15% p.a.
 - c) One month's rent at Rs. 54,000 p.a. was due on 31st March 2012
 - d) Six months insurance was unexpired Rs. 3,750
 - e) The Directors proposed a dividend of 8%.
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