

**Agashi Virar Arnala Education Society's
Padmashree Bhausaheb Vartak College
Question Bank_ Management Accounting**

Q. Construct Comparative Statements from the following information extracted from the financial statements of different years.

Particulars	2016 (Rs.)	2018 (Rs.)
Leaseholds	1,42,560	1,56,460
Trademarks and Designs	62,020	55,236
Cash	20,346	41,680
Accrued Income	85,750	1,85,040
Non - marketable Investments	10,000	20,000
Short Term Loans and Advances	2,440	1,690
Inventory	1,45,172	1,31,474
Liability for expenses	2,490	5,640
Unclaimed Dividend	50,270	63,560
Provision for Tax	67,140	77,152
Equity Share Capital	3,48,388	4,45,228

Q. From the following details of M/s AB Ltd. Prepare Comaprative Revenue Statement in Vertical form

Particulars	Amount	Amount	Absolute Increase or Decrease	Percentage Increase or Decrease
Net Sales	12,00,000	?	?	25
Gross Profit	4,40,000	4,70,000	?	?
Office and Administrative Expenses	78,800	?	5,000	?
Selling and Distribution Expenses	?	48,400	5,000	?
Finance Expenses	?	12,500	500(-)	?

Q. From the following Profit & Loss A/c, prepare Common size statement for the year ended 31st March, 2017

Particulars	Rs.
Sales	10,00,000
Closing Stock	2,50,000
Opening Stock	1,50,000
Purchases	3,00,000
Wages	2,00,000
Manufacturing Expenses	1,00,000
Administrative Expenses	50,000
Selling & Distribution Expenses	50,000
Loss on sale of Furniture	25,000
Interest on Debenture	10,000
Profit on Sale of Shares	50,000

Q. Compute the missing amounts and percentages to complete the following Trend Analysis Statement of Anand Ltd, Summarised Profit and Loss Accounts For the years ended 31st March...

Particulars	Amount	Trend Percentage
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	2014	2015	2016	2017	2014	2015	2016	2017
Net Sales	?	?	?	11,200	?	120	140	160
Operating Cost	?	?	6,000	6,500	?	110	120	?
Operating Net Profit	?	?	?	?	?	?	?	?
Non-Operating Income	2	?	150	?	?	1,020	150	280
Non Operating Expenses	200	?	150	230	?	60	?	?
Profit Before Interest & Tax	?	?	?	?	?	?	?	?
Interest	?	110	200	160	?	?	200	?
Profit Before Tax (PBT)	?	?	?	?	?	?	?	?
Tax @ 50% of PBT	?	?	?	?	?	?	?	?
Profit After Tax (PAT)	?	?	?	?	?	?	?	?
Dividend Paid	2	?	?	1,175	?	?	200	235
Balance c/f	?	760	?	?	?	?	?	?

Note : Base Year = Year ended on 31st March, 2014,

Q. Following is the Trading, Profit and Loss account of Jerry Ltd. For the year ended 31st March, 2017

Particulars	RS	Particulars	RS
Opening Stock	54,300	Sales	8,00,000
Purchases	3,27,150	Closing stock	44,000
Carriage inward	8,550	Interest on Drawings	5,400
Office expenses	90,000		
Sales Expenses	27,000		
Administration Expenses	12,000		
Interest	8,000		
Depreciation on Plant & Machinery	2,000		
Depreciation on Other Fixed assets	2,000		
Provision for Income Tax	16,000		
Loss of sale of Fixed Assets	2,400		
Net Profit	3,00,000		

Calculate the following ratios :

- 1) Gross Profit Ratio
- 2) Administration Expenses Ratio
- 3) Selling and Distribution Expense Ratio
- 4) Operating Expenses Ratio
- 5) Operating Cost Ratio
- 6) Net Profit Before Tax Ratio
- 7) Stock Turnover Ratio

Q. Following is the Revenue Statement of Teddy & co. Ltd. For the year ended 31st March, 2017

Particulars	RS	Particulars	RS
Opening Stok	12,00,000	Sales	60,00,000
Purchases	33,00,000	Closing Stock	15,00,000
Carriage Inward	7,50,000		
Wages	7,50,000		
Gross Profit c/d	15,00,000		
	75,00,000		75,00,000
Salaries	1,50,000	Gross Profit b/	15,00,000
Interest	60,000	Profit on sale of investment	7,500

General Expenses	75,000	commission	1,05,000
Sales Promotion Expenses	1,12,500		
Rent	15,000		
Discount Allowed	37,500		
Depreciation	1,80,000		
Loss on Sale of Fixed Asst	30,000		
Provision For Income Tax	2,70,000		
Net Profit	6,82,500		

Calculate the following ratios :

- 1) Gross Profit Ratio
- 2) Operating Cost Ratio
- 3) Net Profit Before Tax Ratio
- 4) Stock Turnover Ratio
- 5) Office and Administration Expenses Ratio
- 6) Selling and Distribution Expense Ratio
- 7) Operating Expenses Ratio

Q. From the following financial statement of X co. Ltd. for the year ended 31st December, 2009, calculate the following ratios.

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|-----------------------------------|--------------------------------------|
| I) Current Ratio | II) Liquid Ratio |
| III) Operating Ratio | IV) Stock-Turnover Ratio |
| V) Turnover to Fixed Assets Ratio | VI) Capital Gearing Ratio |
| VII) Return on Proprietors Fund | VIII) Net Profit to Capital Employed |
| IX) Debtors Velocity | X) Creditors' Turnover Ratio. |

Balance sheet as on 31st March, 2009.

Liabilities	Rs.	Assets	Rs.
Equity Share capital	5,00,000	Land & Buildings	3,50,000
General Reserve	3,00,000	Plant & Machinery	2,50,000
Profit & Loss A/c	2,00,000	Stock	3,00,000
Sundry Creditors	2,00,000	Sundry debtors	2,00,000
Cash & Bank	1,00,000		
	12,00,000		12,00,000

Trading and profit & Loss A/c for the ended 31st December 2009.

Particulars	Rs.	Particulars	Rs.
To Opening Stock	1,00,000	By Sales	16,00,000
To Purchases (Credit)	8,00,000	By Closing Stock	2,00,000
To Gross Profit	9,00,000		
	18,00,000		18,00,000
To Office & Administrative Expenses	2,00,000	By Gross Profit	9,00,000
To Selling & Distribution Expenses	1,00,000	By Profit on Sale of Assets	25,000
To Other Expenses	25,000		
To Net Profit	6,00,000		
	9,25,000		9,25,000

Q. From the books of The Board of KEM Ltd. Pune:

Issued share capital	Rs. 4,00,000
5% Debentures	Rs. 1,00,000
Fixed assets at cost	Rs. 2,50,000

The expected ratio of the cost to selling price are:

Material 60%, Labour 10%, Overheads 20%, Profit 10%

1. Raw materials are in stores for an average of 2 months. Finished goods are kept in warehouse for approximately three months.
2. Production during the previous year was 1,20,000 units and it is planned to maintain this level of activity in the current year also.
3. Each unit of production is expected to be in process for one month.
4. Credit given by suppliers is two months and allowed to customers is 3 months.
5. Selling price is Rs. 10 per unit.
6. There is regular production and sales cycle.
7. It is decided to maintain Rs. 30,000 cash balance

Prepare a statement of working capital requirement to meet the programme planned for the year 2011.

Q. HP Ltd. Has the option of selecting Machine A or Machine B. Calculate the Annual Rate Of Return On Average Investment form the following details and advise which machine should be selected.

Year	Net Earnings Before Tax	
	Machine A	Machine B
1	1,10,000	1,15,000
2	1,20,000	1,30,000
3	1,50,000	1,55,000
4	2,10,000	2,15,000
5	2,30,000	2,55,000
6	2,40,000	2,85,000
7	2,00,000	2,20,000
Cost of The Machine	1,85,000	2,10,000
Scrap Value	5,000	10,000
Tax Rate	30%	30%

Q. The cost of Machinery A is Rs. 10,00,000 and cost of Machinery B is Rs. 20,00,000. Depreciation has been applied on a Straight Line Method with no salvage value.

Year	Net Profit After Depreciation and Tax of Machine A in Rs.	Net Profit After Depreciation and Tax of Machine B in Rs.
1	500000	1200000
2	600000	1200000
3	700000	1500000
4	800000	1600000
5	700000	1500000

1. Using Average Rate of Return Method analyse which machine should be accepted.
2. Using Payback Period Method which machine should be accepted.

Q. Explain the techniques of Capital Budgeting.

Q. What is working capital? Explain the factors determining working capital requirements.

Q. Distinguish between Financial and Management Accounting.

Q. Explain Payback Period and Profitability Index Methods of Capital Budgeting.

Q. Short Notes:-

- Classification of Current Assets
- Common size Financial Statements
- Gross Profit Ratio
- Accounting Rate of Return

- Gross Working Capital and Net Working Capital
- Stock Turnover Ratio
- Functions of a Management Accountant
- Net Present Value
- Combined Ratios
- Gross Working Capital
- Current Liabilities and Quick Liabilities
- Operating Expenses

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