

Q. 1

B.com - III

Management Accounts

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Q. No. 1: Given

- Current ratio = 2.8
- Liquid Ratio = 1.5
- Working capital = 1,62,000

Find out

- (a.) Current Assets (b.) current Liabilities
- (c.) Liquid assets

Solution

(a.) Calculation of current Assets

Working capital = Current assets - Current liabilities
 current ratio is 2.8 therefore working capital on the basis of current ratio
 $= 2.8 - 1 = 1.8$

when working capital	Current Assets
1.8	2.8
1,62,000	?

$$\Rightarrow \frac{1,62,000 \times 2.8}{1.8} = 2,52,000$$

Current Assets will be = 2,52,000

(b.) Current liabilities (C.L)

$$\frac{\text{Current Assets} - \text{Working Capital}}{1.5} = \text{C.L}$$

$$\frac{2,52,000 - 1,62,000}{1.5} = 90,000$$

(c.) Liquid Assets = $\frac{\text{Liquid Assets}}{\text{current liabilities}}$

$$1.5 \text{ given} = \frac{\text{Liquid Assets}}{90,000}$$

$$\Rightarrow 90,000 \times 1.5 = 1,35,000$$

Stocks = Current Assets - Liquid Assets

$$\text{So, that } 2,52,000 - 1,35,000 = 1,17,000 \text{ (stock)}$$

a = 2,52,000, b = 90,000, c = 1,35,000

Q1

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Q2 Calculate from the following information:—

(a) P/v Ratio (b) B.E.P. (c) Margin of Safety

	2015 (Rs)	2016 (Rs)
Sales	1,20,000	1,80,000
Less variable cost	66,000	1,08,000
Contribution	54,000	72,000
Less fixed cost	24,000	30,000
Profit	30,000	42,000

Solution

$$(a.) P/v \text{ Ratio} = \frac{\text{Contribution} \times 100}{\text{Sales}}$$

2015

$$\frac{54000 \times 100}{120000}$$

$$\Rightarrow \frac{540}{12} = 45\%$$

2016

$$\frac{72000 \times 100}{180000}$$

$$\Rightarrow \frac{720}{18} = 40\%$$

$$(b.) B.E.P = \frac{\text{Fixed Cost}}{P/v \text{ ratio}}$$

2015

$$= \frac{24000 \times 100}{45}$$

$$= 53,333$$

2016

$$\frac{30000 \times 100}{40}$$

$$= 75000$$

$$(c.) \text{Margin of Safety} = \text{Sales} - B.E.P.$$

2015

$$120000 - 53333$$

$$= 66667$$

2016

$$180000 - 75000$$

$$= 1,05000$$