

ST. JOSEPH'S EVENING COLLEGE (AUTONOMOUS)

VI SEMESTER B.COM EXAMINATIONS - APRIL - 2018

MANAGEMENT ACCOUNTING

Duration: 2.5 Hours

Max. Marks: 70

SECTION - A

I) Answer any EIGHT of the following questions. (8x2=16)

1. Give the definition of Management Accounting.
2. What is Debt-Equity Ratio?
3. Mention two important financial statements.
4. Enlist the tools of financial statement analysis.
5. What is the meaning of Ratio?
6. Given, Current Assets Rs.60, 000; Current Ratio 3:1. Compute Current Liabilities and Working Capital.
7. Write the meaning of 'funds' for the purpose of funds flow statement.
8. What is working capital?
9. Write a note on AS-3.
10. Give the meaning of Budget.
11. What is Trend Analysis?
12. Write the objectives of Management Reporting.

SECTION - B

II) Answer any THREE of the following questions. (3x8=24)

13. Write a note on Scope of Management Accounting.
14. Calculate the Trend Ratios from the following figures of Z Ltd, taking 2011 as the base and comment:

| Year | 2009 | 2010 | 2011 | 2012 | 2013 |
|-------|-------|-------|-------|-------|-------|
| Sales | 1,881 | 2,340 | 2,655 | 3,021 | 3,768 |
| Stock | 709 | 781 | 816 | 944 | 1,154 |
| PBT | 321 | 435 | 458 | 527 | 672 |

15. The directors of XYZ Ltd. are facing the problem of working capital. They are not in a position to co-ordinate the inflow and outflow of cash. Examine the existing management of working capital and submit a report to the management on your findings and recommendations to correct the situation. Make necessary assumptions.
16. The expenses budgeted for productions of 10,000 units in a factory are furnished below. Prepare a budget for 6,000 units and 8,000 units and indicate cost per unit at both the levels.

| | Per unit |
|-------------------------------------|-----------------|
| | Rs. |
| Materials | 70 |
| Labour | 25 |
| Variable overheads | 20 |
| Fixed overheads (Rs.1,00,000) | 10 |
| Variable expenses (direct) | 5 |
| Selling expenses (10% fixed) | 13 |
| Distribution expenses (20% fixed) | 7 |
| Administration expenses (Rs.50,000) | 5 |
| | 155 |

17. Calculate cash from operating activities from the following data:

| Particulars | 2012 | 2013 |
|----------------------------|-------------|-------------|
| Profit and Loss | 60,000 | 80,000 |
| Appropriations A/C | | |
| Bills Receivables | 15,000 | 20,000 |
| Provision for depreciation | 52,000 | 56,000 |
| Outstanding salary | 10,000 | 15,000 |
| Prepaid Rent | 5,000 | 6,000 |
| Goodwill | 22,000 | 18,000 |
| Stock | 59,000 | 62,000 |

SECTION - C

III) Answer any TWO of the following questions. (2x15=30)

18. The Balance Sheets of Naga Ltd. are given as under. Prepare Comparative Balance Sheet and comment.

| Particulars | 31/03/2013 | 31/03/2014 |
|--------------------------|-------------------|-------------------|
| Equity Share Capital | 5,00,000 | 10,00,000 |
| Preference Share Capital | 1,00,000 | 2,00,000 |
| General Reserves | 1,00,000 | 2,50,000 |
| Accounts Payable | 1,00,000 | 2,00,000 |
| Outstanding expenses | 50,000 | 50,000 |
| Profit & Loss A/c | 2,00,000 | 3,00,000 |
| | 10,50,000 | 20,00,000 |
| Fixed Assets | 4,00,000 | 10,00,000 |
| Investments | 3,00,000 | 1,00,000 |
| Accounts receivables | 2,00,000 | 4,00,000 |
| Inventories | 1,00,000 | 4,00,000 |
| Cash | 50,000 | 1,00,000 |
| | 10,50,000 | 20,00,000 |

19. From the following information, prepare a summarized Balance Sheet

| | |
|--|------------|
| Stock Velocity | 5 |
| Fixed Assets Turnover Ratio | 5 |
| Capital Turnover Ratio | 2 |
| Gross Profit Ratio | 40% |
| Debt Collection Period | 1.5 months |
| Creditors Payment Period | 60 Days |
| Gross Profit | 2,00,000 |
| Closing Stock was Rs.5,000 in excess of Opening Stock | |
| All workings should form part of your answer. Assume 360 days in a year. | |

20. Following are the Balance Sheets of a company as on 31st December, 2014 and 2015.

Balance Sheets as on 31st December, 2015

| Liabilities | 2014 | 2015 | Assets | 2014 | 2015 |
|------------------------------|-----------------|-----------------|----------------|-----------------|-----------------|
| Share capital | 1,39,000 | 1,45,000 | Cash in hand | 18,000 | 15,600 |
| Share premium | 1,000 | 3,000 | Trade Debtors | 29,800 | 35,400 |
| Debentures | 24,000 | 12,000 | Stock in trade | 98,400 | 85,400 |
| Trade Creditors | 20,000 | 23,680 | Land | 40,000 | 60,000 |
| Provision for doubtful debts | 1,400 | 1,600 | Goodwill | 20,000 | 10,000 |
| Profit and Loss A/c | 20,800 | 21,120 | | | |
| | 2,06,200 | 2,06,400 | | 2,06,200 | 2,06,400 |

Additional Information:

1. Dividends were paid totaling Rs.7,000.
2. Land was purchased for Rs.20,000 and the amount provided for amortization of goodwill totaled Rs.10,000.
3. Debenture loan was repaid Rs.12,000.

You are required to prepare statement of changes in working capital and Fund flow statement.

21. Prepare a cash flow statement from the following Balance Sheets of XL Engineering Ltd.:

| Liabilities | 2004 | 2005 | Assets | 2004 | 2005 |
|--------------------|-------------|-------------|-----------------------|-------------|-------------|
| Share Capital | 17,00,000 | 18,35,000 | Buildings | 8,00,000 | 10,00,000 |
| Reserves | 40,000 | 83,700 | Plant and Machinery | 2,50,000 | 3,70,000 |
| Profit and Loss | 1,00,000 | 1,30,000 | Fixtures and fittings | 5,000 | 6,000 |

| | | | | | |
|---|------------------|------------------|----------------------|------------------|------------------|
| appropriation account | | | | | |
| Provision for dividends | 70,000 | 50,000 | Cash | 2,000 | 2,200 |
| Creditors | 1,00,000 | 95,000 | Debtors | 1,00,000 | 45,000 |
| Bank Overdrafts | 8,000 | 18,000 | Accounts Receivables | 8,000 | 9,000 |
| Bills Payable | 14,000 | 13,000 | Stock | 4,00,000 | 3,43,700 |
| Loan on Mortgage | 10,000 | 70,000 | Prepaid expenses | 3,000 | 3,100 |
| | | | Investments | 1,64,000 | 1,70,000 |
| | | | Goodwill | 3,00,000 | 3,43,700 |
| | | | Preliminary expenses | 10,000 | 2,000 |
| | 20,42,000 | 22,94,700 | | 20,42,000 | 22,94,700 |
| <ol style="list-style-type: none"> 1. Depreciation is charged on building at 3% of cost of Rs.9,00,000, on plant and machinery at 8% of cost of Rs.4,00,000 and on fixtures and fittings at 5% of cost of Rs.8,000. 2. Investments were purchased and interest received Rs.3,000 was used in writing down the book value of investments. 3. The declared dividend for 2004 was paid and the interim dividend of Rs.20,000 was paid out of the profit and loss appropriation account. | | | | | |