

**ST. JOSEPH'S EVENING COLLEGE (AUTONOMOUS)****VI SEMESTER B.COM EXAMINATIONS - APRIL 2019****MANAGEMENT ACCOUNTING****Duration: 2.5 Hours****Max.Marks:70****SECTION – A****I. Answer any EIGHT of the following questions.****(8x2=16)**

- 1) State any two functions of a Management Accountant.
- 2) What do you mean by Cash Flows?
- 3) What is master budget?
- 4) State any three uses of fund flow statement.
- 5) What is a Ratio?
- 6) State the significance of Acid Test Ratio.
- 7) What do you mean by contribution? Give the components of it.
- 8) What do you mean by Trend Analysis?
- 9) What is Flexible Budget?
- 10) State any four components of current Assets.
- 11) What is working capital?
- 12) What do you mean by cash flow from financing activities? Give examples.

**SECTION – B****II. Answer any THREE of the following questions.****(3x8=24)**

- 13) What are the principles of Good Reporting System?
- 14) Explain the advantages of Ratio Analysis.
- 15) Prepare a flexible budget for production at 80 percent and 100 percent activity on the basis of the following information:  
Production at 50% capacity – 5000 units  
Raw materials Rs. 80 per unit  
Direct labour Rs. 50 per unit  
Direct Expenses Rs. 15 per unit  
Factory expenses Rs. 50,000 (50% fixed)  
Administrative expenses Rs. 60,000 (60% variable).
- 16) State with reasons whether following transactions result in increase or decrease of working capital or do not affect the working capital.
  - a) Bills Receivables Rs.40,000 discounted for Rs.39,000
  - b) Fixed Assets purchased by issue of shares for Rs.3,00,000
  - c) Advance income tax paid Rs.10,000

- d) Goodwill written of Rs.5,000
- e) Payment of Rs.10,000 made to creditors.
- f) Cash Sales Rs.25,000
- g) Debentures of Rs.50,000 redeemed.
- h) Long term of loan of Rs.1,00,000 raised from SBI.

17) Compute cash from operations from the following information.

Given: Profit for the year 2018 is Rs.10,000 after providing depreciation of Rs.2,000

Particulars	31-12-2017 Rs.	31-12-2018 Rs.
Sundry Debtors	10,000	12,000
Provision for Bad Debts	1,000	1,200
Bills Receivable	4,000	3,000
Bills Payables	5,000	6,000
Sundry Creditors	8,000	9,000
Inventories	5,000	8,000
Short term Investments	10,000	12,000
O/s Expenses	1,000	1,500
Prepaid Expenses	2,000	1,000
Accrued Income	3,000	4,000
Income received in advance	2,000	1,000

### SECTION – C

III. Answer any TWO of the following questions.

(2x15=30)

18) From the following balance sheets of joy Ltd. As on 31-03-2018 and 31-03-2019, you are required to prepare a fund flow statement for the year 1999.

Liabilities	31-03-2018 Rs.	31-03-2019 Rs.	Assets	31-03-2018 Rs.	31-03-2019 Rs.
Share capital	50,000	60,000	P&M	30,000	25,000
General Reserves	8,000	12,000	L&B	20,000	40,000
P&L A/c	6,000	10,000	Stock	26,000	20,000
Bank loan (long term)	10,000	2,000	Debtors	13,000	20,000
S. Creditors	12,000	16,000	Cash	5,000	6,000
Provision for taxation	4,000	6,000			
O/s expenses	4,000	5,000			
	<b>94,000</b>	<b>1,11,000</b>		<b>94,000</b>	<b>1,11,000</b>

**Additional information:**

- (i) Income tax paid for the year 2018-19 Rs.4,400
- (ii) Assets of another company was purchased for a consideration of Rs.10,000 and paid in shares. Assets consisted of Land and building Rs.4,000 and stock Rs.6,000.
- (iii) A machinery costing Rs5,000(W.D.V. Rs3,000) was sold for Rs.1,000

19) Prepare Comparative Balance Sheet and interpret the results from the following Balance Sheets

<b>Balance Sheets</b>	<b>31-03-2016</b>	<b>31-03-2017</b>
Equity capital	40,000	40,000
6% Preference share capital	30,000	30,000
Reserves	20,000	24,500
6% Debentures	10,000	15,000
Creditors	20,000	27,500
Tax Payable	10,000	15,000
<b>Total</b>	<b>1,30,000</b>	<b>1,52,000</b>
Land	10,000	10,000
Buildings	30,000	27,000
Plant	30,000	27,000
Furniture	10,000	14,000
Stock	20,000	30,000
Cash	30,000	44,000
<b>Total</b>	<b>1,30,000</b>	<b>1,52,000</b>

20) You have been furnished with the financial information of AB Ltd.

**Balance Sheet as on 31-12-2018**

<b>Liabilities</b>	<b>31-03-18 Rs.</b>	<b>Assets</b>	<b>31-03-18 Rs.</b>
Equity Share capital in shares of Rs.100/- each	10,00,000	Plant & Machinery	6,40,000
Retaining earnings	3,68,000	Land & Building	80,000
Sundry Creditors	1,04,000	Cash	1,60,000
Bills payables	2,00,000	Sundry Debtors	3,60,000
Other current liabilities	20,000	(-) Provisions	<u>40,000</u>
		Stock	4,80,000
		Prepaid insurance	12,000
	<b>16,92,000</b>		<b>16,92,000</b>

**Statement of Profit for the year ended 31-03-18**

Sales	40,00,000
Less: Cost of goods sold	30,80,000
Gross profit on sales	9,20,000
Less: Operating Expenses	6,80,000
Net Profit	2,40,000
Less: taxes @ 50%	1,20,000
Net Profit after taxes	1,20,000

Sundry debtors and stock at the beginning of the year were 3, 00,000 and 4, 00,000 respectively.

**Determine the following Ratios of the Company:**

- Current Ratio
- Acid Test Ratio
- Stock turnover Ratio
- Debtor turnover Ratio
- Gross Profit Ratio
- Net Profit Ratio
- Operating Ratio
- Earnings per share

21) Ferguson and company wishes to arrange overdraft facilities with its Bankers during the period April to June 2017, when it will be manufacturing mostly for stock. Prepare a cash Budget for the above period from the following data, indicating the extent of the bank facilities the company will require at the end of each month:

2017	Sales	Purchases	Wages
	Rs.	Rs	Rs
February	1,80,000	1,24,800	12,000
March	1,92,000	1,44,000	14,000
April	1,08,000	2,43,000	11,000
May	1,74,000	2,46,000	10,000
June	1,26,000	1,68,000	15,000

50 percent of the sales are realised in the month following the sales and the remaining 50 percent in the second month following. Creditors are paid in the month following the month of purchase. Cash at bank on 1<sup>st</sup> April 2017 Rs. 25,000.