

BACHELOR'S DEGREE (C.B.C.S) EXAMINATION, MARCH 2024

2021 ADMISSIONS REGULAR

SEMESTER VI - CORE COURSE (COMMERCE)

CO6B23B18 - Management Accounting

Time : 3 Hours

Maximum Marks : 80

Part A

I. Answer any Ten questions. Each question carries 2 marks

(10x2=20)

- Write a brief note on fund flow analysis.
- "Management accounting is a vital branch of accounting". Explain.
- Explain the types of financial statement analysis on the basis of modus operandi.
- Explain vertical analysis.
- What is creditors turnover ratio?
- What do you mean by leverage?
- What is stock velocity?
- Explain briefly Price earning ratio.
- Mr A is entrusted by the management to prepare the schedule of changes in working capital. He wants to know as to why this statement is prepared. Comment.
- Enlighten the objectives of Fund Flow Statement.
- Point out the objectives for preparing cash flow statement.
- How will you calculate net profit before tax?

Part B

II. Answer any Six questions. Each question carries 5 marks

(6x5=30)

- Give any five characteristics of management accounting.
- What are the major drawbacks of financial statement analysis?
- The Balance sheet of Dwaraka Ltd as on 31st March 2020 is given below.

Balance sheet as at 31 March 2020

Liabilities	Amount (in Rs.)	Assets	Amount (in Rs.)
Equity share capital	12,00,000	Furniture	15,00,000
Reserves	9,00,000	Lease hold premises	9,00,000
10% Debentures	6,00,000	Stock	3,00,000
Creditors	3,00,000	Cash at bank	3,00,000
	30,00,000		30,00,000

Prepare Common size Balance sheet.

- Prepare Common Size Income Statement of Max Ltd from the following information:

Particulars	2019 (In Rs.)	2020 (In Rs.)
Net sales	5,00,000	10,00,000
Profit on sale of land	1,00,000	3,00,000
Cost of material	20% of operating revenue	30% of operating revenue
Opening stock	50,000	60,000



Closing stock	60,000	30,000
Tax rate	40%	50%
Salary	60,000	1,00,000
Interest	80,000	70,000

17. State the significance of ratio analysis.

18. From the following information; calculate Debt - equity ratio, Proprietary ratio and Debt service ratio (In Rupees).

Share capital	2,50,000
Reserves and surplus	1,10,000
12% Debentures	1,20,000
Long term provisions	50,000
Current liabilities	70,000
Non current assets	3,80,000
Current assets	2,20,000
EBIT	80,000

19. Illuminate the limitations of Fund Flow statement.

20. The following information has been extracted from the Balance Sheet of G Ltd.

Particulars	31.12.2018 (Rs.)	31.12.2019 (Rs.)
Machinery	80,000	2,00,000
Accumulated Depreciation	30,000	35,000
Profit and Loss account	25,000	40,000

Additional Information:

(a) A machine costing Rs. 20,000 was purchased during the year by the issue of Equity shares.

(b) On 01.01.2019, a machine costing Rs. 15,000 (with an accumulated depreciation of Rs. 5,000) was sold for Rs. 7,000.

Prepare Machinery account, Accumulated Depreciation account and Fund from Operations.

21. From the following information, calculate cash flows from financing activities:

April 1, 2014 Long-term Loans Rs. 2,00,000

March 31, 2015 Long-term Loans Rs. 2,50,000

During the year, the company repaid a loan of Rs 1,00,000.

Part C

III. Answer any Two questions. Each question carries 15 marks

22. Define management accounting. Explain its advantages and limitations.

(2x15=30)

23. Draw a Balance sheet with the help of the following ratios.

Current Ratio	2.5
Liquid Ratio	1.5
Net working capital	Rs. 3,00,000
Stock Turnover Ratio	6 Times (Cost of goods sold/Closing stock)
Gross profit Ratio	20%
Fixed Asset Turnover ratio	2 Times (Based on cost of goods sold)
Debt Collection Period	2 Months



Fixed Assets to shareholders fund	0.80
Reserves and Surplus to Capital	0.50

24. The following is the comparative Balance Sheet of A Ltd. as on 31.03.2018 and 31.03.2019.

Liabilities	31.03.2018 (Rs.)	31.03.2019 (Rs.)	Assets	31.03.2018 (Rs.)	31.03.2019 (Rs.)
Share Capital	1,80,000	2,00,000	Goodwill	24,000	20,000
General Reserve	28,000	36,000	Buildings	80,000	72,000
Profit and Loss	39,000	24,000	Machinery	74,000	72,000
Provision for tax	32,000	34,000	Investments	20,000	22,000
Creditors	16,000	10,800	Inventories	60,000	50,800
Bank Overdraft	12,400	2,600	Debtors	40,000	44,400
Provision for doubtful debts	3,800	4,200	Cash in hand	13,200	30,400
	3,11,200	3,11,600		3,11,200	3,11,600

Additional Information:

1. Depreciation charged on machinery Rs. 10,000 and on Building Rs. 8,000.
2. Investments sold during the year Rs. 3,000.
3. Interim Dividend paid during 2018-19 Rs. 15,000.
4. Income tax paid during 2018-19 Rs. 30,000.

Prepare: a) A Schedule of Changes in Working Capital and b). A Fund Flow Statement.

25. From the following information, you are required to prepare a cash flow statement of Galaxy Ltd for the year ended 31.12.2019 using indirect method.

Balance sheet

Liabilities	2018	2019	Assets	2018	2019
Share capital	70,000	70,000	Plant and Machinery	50,000	91,000
Secured loan	-	40,000	Inventory	15,000	40,000
Creditors	14,000	39,000	Debtors	5,000	20,000
Provision for tax	1,000	3,000	Cash in hand	20,000	7,000
Profit and Loss a/c	7,000	10,000	Prepaid expenses	2,000	4,000
	92,000	1,62,000		92,000	1,62,000

Profit and Loss account for the year ended 31.12.2019

	Rs		Rs
Opening inventory	15,000	Sales	1,00,000
Purchases	98,000	Closing inventory	40,000
Gross profit	27,000		
	1,40,000		1,40,000
General expenses	11,000	G/P b/d	27,000
Depreciation	8,000		
Provision for tax	4,000		
Net profit	4,000		



	27,000		27,000
Dividend	1,000	Balance b/d	7,000
Balance c/d	10,000	Net profit b/d	4,000
	11,000		11,000

