

**FIVE YEAR B.Com., LL.B. (HONOURS) DEGREE
EXAMINATION, SEPTEMBER 2021**

Fourth Semester

FC 10—MANAGEMENT ACCOUNTING

(2018 Admissions—Regular)

Time : Three Hours

Maximum : 75 Marks

Part A

*Answer any five of the following questions.
Each question carries 3 marks.*

1. "Management Accounting can be viewed as management oriented accounting." Comment.
2. Write notes on Acid Test Ratios.
3. State the significance of Receivable Turnover.
4. What information is required to prepare in a comparative balance sheet ?
5. Distinguish between Fund Flow and Cash Flow.
6. Describe the various sources and applications of working capital.

(5 × 3 = 15 marks)

Part B

*Answer any three of the following questions.
Each question carries 10 marks.*

7. Discuss the concept of Management Accounting. How does it differ from (a) Financial Accounting ; (b) Cost Accounting ?
8. Examine the managerial uses of Fund Flow Statement and also explain the following terms (a) Funds ; (b) Flow of Funds ; (c) Schedule of changes in working capital.
9. Mr. Smart submits the following statements in respect of his financial position as on 31st March 2017 and 2018 :

<i>Liabilities</i>	31-03-2017	31-03-2018	<i>Assets</i>	31-03-2017	31-03-2018
Creditors ...	60,000	45,000	Building ...	1,20,000	90,000
Bills Payable ...	45,000	50,000	Investment ...	60,000	60,000
Capital ...	1,75,000	1,20,000	Bills Receivables ...	30,000	2,500
			Stock in trade ...	30,000	35,000
			Cash balance ...	40,000	27,500
Total ...	<u>2,80,000</u>	<u>2,15,000</u>	Total ...	<u>2,80,000</u>	<u>2,15,000</u>

Turn over

Mr. Smart further reports that there were no drawings and no purchase or sale of buildings. You are required to prepare a statement of Cash Flow.

10. The following information is given :

Current Ratio	...	2,8
Acid test ratio	...	1,5
Net current assets	...	1,62,000

Find out (a) Current assets ; (b) Current liabilities ; and (c) Liquid assets.

(3 × 10 = 30 marks)

Part C

Answer any **two** of the following questions.
Each question carries 15 marks.

11. Define Financial Statement Analysis and narrate the tools and techniques involved in Financial Statement Analysis. Also discuss in what ways such an analysis may benefit managerial personnel, owners and creditors.
12. The following comparative Balance Sheet of Super FIVE Ltd., for 2019 and 2020 are available :

<i>Liabilities</i>			<i>Assets</i>		
	2019	2020		2019	2020
Equity share capital	...	9,00,000	Fixed assets	...	15,30,000
8 % preference share capital	...	6,00,000	Investments	...	90,000
Debentures	...	3,00,000	Current assets	...	7,20,000
Profit and Loss Account	...	3,30,000	Discount on debentures	...	30,000
Current Liabilities	...	2,40,000			15,000
Total	...	<u>23,70,000</u>	Total	...	<u>23,70,000</u>
		<u>32,40,000</u>			<u>32,40,000</u>

Additional information :

- A machine costing Rs. 1,20,000 was sold for Rs. 75,000.
 - A redemption at a premium of 15 % was done for preference shares on 31st December 2020.
 - Equity shares were paid a dividend at 15 % for 2019.
 - Depreciation was charged on fixed assets during the year was Rs. 1,80,000.
- You are required to prepare statement showing the sources and application of funds for the year ended 31st December 2020 through a Fund Flow Statement.

13. From the following Balance Sheet of a company you are required to calculate : Solvency Ratios and Liquidity Ratios.

<i>Liabilities</i>		Rs.	<i>Assets</i>		Rs.
Equity share capital	...	15,00,000	Building	...	8,00,000
6 % Debentures	...	5,00,000	Machinery	...	8,00,000
Bank Loan	...	2,50,000	Furniture	...	2,00,000
Sundry Creditors	...	2,00,000	Stock	...	5,00,000
Bills Payable	...	3,00,000	Debtors	...	4,00,000
Taxation	...	2,50,000	Cash	...	3,00,000

(2 × 15 = 30 marks)