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**DMI-ST. EUGENE UNIVERSITY
DEGREE EXAMINATION – DECEMBER – 2022**

SEM: VI 551/552 AC 62 MANAGEMENT ACCOUNTING

Time: 3 Hours

Max. Marks: 100

Answer any Five questions (5 x 20 = 100 Marks)

1. a) List and explain four various method or techniques used in analyzing financial statements. (4 Marks)
- b) The following figures of X Ltd, taking the year 2000 as the base. (10 Marks)

Year	Sales	Stock	Profit Before Tax
2000	1881	709	321
2001	2340	781	435
2002	2655	816	458
2003	3021	944	527
2004	3768	1154	672

From the above information:

- i. Calculate the Trend percentage analysis.
Give appropriate comments on your analysis
- c) The income statements of a concern are given for the year ending on 31st December, 2003 and 2004.

	2003	2004
Net sales	785	900
Cost of sales	450	500
Operating expenses:		
General Admin. expenses	70	72
Selling expenses	80	90
Non. Operating expenses:		
Interest paid	25	30

Income tax	70	80
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Re-arrange the figures and prepare a comparative income statement for the year ended 31st December 2003 and 2004. (6 Marks)

2. a) With the appropriate formula describe "Funded debt to total capitalization ratio. (2 marks)

b) Balance sheet

Liabilities	K	Assets	K
2000 equity of K100 each.	200,000	Fixed assets	400,000
1000 9% preferred shares of K100 each.	100,000	Current assets	200,000
1000 10% debentures of K100 each.	100,000		
<u>Reserves:</u>			
General Reserves	50,000		
Other reserves	50,000		
Current liabilities	100,000		
	600,000		600,000

Calculate;

- Debt equity ratio
- Ratio of long-term debt to shareholders funds.(5 marks)

c) Total sales	520,000
Sales returns	20,000
Cost of goods sold	400,000

Calculate,

- Gross profit ratio
 - Give appropriate interpretation. (6marks)
- d) From the information give below. (7marks)

Items	K
Cost of goods sold	400,000
Administrative and office expenses	35,000
Selling and distributive expenses	45,000

Net sales	600,000
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Calculate operating profit ratio

3. a) What is meant by fund? (3 Marks)

b) Shortly explain Uses Fund Flow Statement. (7 Marks)

c) From the following Balance sheet of St. John Ltd. you are required to prepare Schedule of changes in Working Capital and Statement of Source and Application of Funds. (10 Marks)

Balance Sheet

Liabilities	2002 (K.)	2003 (K.)
Capital	80,000	85,000
Profit & Loss A/c	14,500	24,500
Sundry Creditors	9,000	5,000
Long term Loans	-	5,000
	103,500	119,500
Assets	2002 (K.)	2003 (K.)
Cash in hand	4,000	9,000
Sundry Debtors	16,500	19,500
Stock	9,000	7,000
Machinery	24,000	34,000
Building	50,000	50,000
	103,500	119,500

4. a) Define 'Cash Flow Statement'. (4 Marks)

b) Shortly explain Cash flow from Operating Activities. (6 Marks)

c) Discuss in detail the relevance of the cash flow statement in a company. (10 marks)

5. a) Elucidate advantages of standard costing. (10 Marks)

b) Delineate the disadvantages of standard costing. (10 Marks)

6. a) Define 'Fund flow Statement'. (2 Marks)

b) From the following Balance sheet prepare Schedule of changes in Working Capital.

Balance Sheet (6 Marks)

Liabilities	2012 (K.)	2013 (K.)
Creditors	55,000	83,000
Bills payable	20,000	16,000
Share capital	177,000	220,000
	252,000	319,000
Assets	2012 (K.)	2013 (K.)
Cash at Bank	15,000	10,000
Debtors	160,000	200,000
Stock	77,000	109,000
	252,000	319,000

- c) Distinguish between Cash Flow Statement and Fund Flow Statement. (12 Marks)
7. a) Explain, how financial statements are analyzed by Trend Analysis Method. (10 Marks)
- b) Discuss the important objectives of management accounting. (10 Marks)