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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

<b>Liabilities</b>	<b>K</b>	<b>Assets</b>	<b>K</b>
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;

- i. Debt equity ratio
- ii. 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,

- i. Gross profit ratio
  - ii. 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

<b>Liabilities</b>	<b>2002 (K.)</b>	<b>2003 (K.)</b>
Capital	80,000	85,000
Profit & Loss A/c	14,500	24,500
Sundry Creditors	9,000	5,000
Long term Loans	-	5,000
	<b>103,500</b>	<b>119,500</b>
<b>Assets</b>	<b>2002 (K.)</b>	<b>2003 (K.)</b>
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
	<b>103,500</b>	<b>119,500</b>

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)

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

- 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)