(8 pages)

APRIL 2023 **72235/BB22B**

Time : Three hours Maximum : 75 marks

SECTION A — (10 × 2 = 20 marks)

Answer any TEN questions.

1. Define Management Accounting.

2. What are the objectives of preparing financial statements?

3. Define comparative statement analysis.

4. What are the causes for changes in net working capital?

5. What are the components of Flow of Fund?

6. What are the components of Sources and Applications of Cash?

7. Explain leverage ratios.

8. What are the essentials of a budget?

9. What are the differences between fixed budget and flexible budget?

10. State the different techniques of selecting capital budgeting proposals.

11. Write short notes on Profitability index.

12. What do you mean by rationing?

SECTION B — (5 × 5 = 25 marks)

Answer any FIVE questions.

13. Explain briefly the nature and scope of financial statements.

14. What is Fund Flow Statement? Discuss the uses and significance fund flow statement.

15. What do you understand by budgetary control? Explain briefly the characteristics of a good budget.

16. From the following balances, you are required to compute cash from operations.

	December 31 2019 (Rs.)	December 31 2020 (Rs.)
Debtors	50,000	47,000
B/R	10,000	12,500
Creditors	20,000	25,000
Outstanding Expenses	1,000	1,200
B/P	8,000	6,000
Prepaid expenses	800	700
Accrued income	600	750
Income received in time	300	250
Profit made during the year	—	1,30,000

I BBA → Management Accounting

During the year, the proprietor introduced Rs. 40,000 as additional capital. The net profits for the year, after charging Rs. 10,000 as depreciation on fixed assets were Rs. 1,00,000.

17. From the following information, prepare a Common size Income Statement for the year ended March 31, 2014 and 2015

Particulars	2014-15 (Rs.)	2013-14 (Rs.)
Net sales	18,00000	25,00000
Cost of goods sold	10,00000	12,00000
Operating expenses	80,000	1,20000
Non-operating expenses	12,000	15,000
Depreciation	20,000	40,000
Wages	10,000	20,000

18. The company is considering the investment of Rs. 1,00,000 in a project. The following are the income forecasts, after depreciation and tax,

1st year	Rs. 10,000
2nd year	Rs. 40,000
3rd year	Rs. 60,000
4th year	Rs. 20,000
5th year	Rs. Nil

From the above information you are required to calculate:

(a) Pay-back Period

(2) Discounted Pay-back Period at 10% interest factor.

19. From the following average figures of previous quarters, prepare a manufacturing overhead budgeted for the quarter ending on March 31, 2018. The budget output during this quarter is 6,000 units:

Fixed overheads Rs. 60,000

Variable overheads Rs. 30,000 (Varying @ Rs. 5 per unit)

Semi variable overheads 30,000 (40% fixed and 60% varying @ Rs. 3 per unit)

SECTION C — (3 × 10 = 30 marks)

Answer any THREE questions.

20. "Management accounting serves as an aid to the company management". Elaborate this statement.

21. The summarized balance sheet of Samson Ltd. as on 31.12.2017 and 31.12.2018 are as follows:

Liabilities	2017	2018	Assets	2017	2018
	Rs.	Rs.		Rs.	Rs.
Share capital	6,50,000	9,00,000	Fixed Assets	9,00,000	12,50,000
Preference share capital	5,50,000	4,50,000	Goodwill	5,00,000	4,50,000
P/Loss account	2,00,000	3,50,000	Market securities	4,00,000	4,50,000
Creditors	4,00,000	5,50,000	Stock	2,50,000	2,50,000
Tax Provision	2,00,000	3,50,000	Debtors	1,50,000	4,00,000
% Debentures	2,00,000	3,00,000	Cash at bank	1,75,000	2,00,000
Short term loans	3,00,000	2,00,000	Cash in hand	1,25,000	1,00,000
	25,00,000	31,00,000		25,00,000	31,00,000

Additional Details:

(a) Tax provision made during the year was Rs. 1,00,000

(b) Goodwill of Rs. 50,000 was written off during the year.

(c) During the year part of fixed assets costing Rs. 2,00,000 was sold for Rs, 2,50,000 and depreciation of Rs. 50,000 was provided during the year.

You are required to prepare fund flow statement.

22. From the following information Mamrash Co. Ltd.

Cost of goods sold	4,50,000
Net Sales	6,00,000
Operating Expenses	75,000
Closing stock	45,000
Cash in hand	10,000
Debtors	25,000
Cash at bank	50,000
Creditors	60,000
Short term loans	20,000
Long Term Loans	2,00,000
Reserves and surpluses	1,50,000
Equity Capital	3,00,000

You are required to calculate following ratios:

(a) Gross profit ratio

(b) Net Profit ratio

(c) Stock turnover ratio

(d) Debt Equity Ratio

(e) Current ratio

23. There are two mutually exclusive projects under active consideration of a company. Both the projects have a life of 5 years and have initial cash outlays of Rs. 1,00,000 each. The company pays tax at 50% rate and the maximum required rate of the company has been given as 10%. The straight line method of depreciation will be charged on the projects. The projects are expected to generate a net cash inflow before taxes as follows:

Year	Project X	Project Y
	Rs.	Rs.
1	40,000	60,000
2	40,000	30,000
3	40,000	20,000
4	40,000	50,000
5	40,000	50,000

With the help of the above given information you are required to calculate:

(a) The Pay-back Period of each project

(b) The Average Rate of Return for each project

(c) The Net Present Value and Profitability Index for each project

(d) The Internal Rate of Return for each project

24. The following are the income statements of ABC Ltd. Madras for the years 2002 and 2003 convert into a Comparative Income Statements and Comment on the Profitability of the Company.

Income Statements

Particulars	2017	2018	Particulars	2017	2018
	Rs.	Rs.		Rs.	Rs.
To Opening Stock	1,70,000	4,00,000	By Sales	20,00,000	24,00,000
To Purchases	10,00,000	11,00,000	By Closing Stock	4,00,000	4,50,000
To Wages	1,20,000	1,60,000	By Income from Investments	24,000	30,000
To Salaries	84,000	1,28,000	By Dividend Received	10,000	15,000
To Rent & Rates	70,000	80,000			
To Depreciation	80,000	1,20,000			
To Selling Expenses	24,000	24,000			
To Discount Allowed	10,000	10,000			
To Loss on Sales of Plant	—	20,000			
To Interest Paid	24,000	28,000			
To Net Profit	8,52,000	8,25,000			
	24,34,000	28,95,000		24,34,000	28,95,000