**ST. JOSEPH’S COLLEGE (AUTONOMOUS), BENGALURU -27**

**B. Com–VI SEMESTER**

**SEMESTER EXAMINATION: APRIL 2023**

**(Examination conducted in May 2023)**

**BC6118/BPS6118 – MANAGEMENT ACCOUNTING**

**(For current batch students only)**

**Time: 2 ½ Hours Max Marks: 70**

**This paper contains \_\_\_\_\_\_ printed pages and \_\_\_\_\_ parts**

**PART-A**

**Answer any FIVE of the following questions. Each question carries two marks each ( 2x5 = 10)**

1. What is Extended Business Reporting Language?
2. What is budgetary control? Give any two classifications of budgets.
3. State the uses of cash flow statement.
4. What are the requisites for a good reporting system?
5. Calculate stock turnover ratio from the following information: –

Cost of Goods Sold – Rs 2,50,000

Opening stock – Rs 10,000

Closing stock – Rs 30,000

1. Mention the limitations of Management Accounting.

**PART B**

**Answer any THREE of the following questions. Each question carries five marks each ( 3x5 = 15)**

1. The following is the balance sheet of Ginny Co Ltd for the year ending 31 Dec 2020

| **LIABILITIES** | **Amount** | **ASSETS** | **Amount** |
| --- | --- | --- | --- |
| Equity share capital | 5,00,000 | Building | 5,14,000 |
| Long term Loans | 2,50,000 | Plant | 50,000 |
| Bills Payable | 50,000 | Goodwill | 1,00,000 |
| Sundry Creditors | 80,000 | Bills Receivable | 70,000 |
| Bank Overdraft | 20,000 | Debtors | 90,000 |
| Outstanding expenses | 4,000 | Stock | 30,000 |
|  |  | Cash | 45,000 |
|  |  | Prepaid Expenses | 5,000 |
|  | **9,04,000** |  | **9,04,000** |

From the balance sheet calculate: -

1. Current Ratio
2. Quick Ratio
3. Absolute Liquid Ratio
4. Comment on the ratios

1. Enumerate the relationship between Management Accounting, Cost Accounting and Financial Accounting.
2. State with reasons whether the following transactions result in flow of funds: -
3. Issued Bills payable to creditors – Rs 3,000
4. Writing off goodwill – Rs 5,000
5. Sale of Fixed asset for cash – Rs 10,000
6. Stock in trade acquired by issue of share capital - Rs 30,000
7. Repayment of Long-term Loans – Rs 80,000
8. YMCA Company is expecting to have Rs 25,000 cash in hand on 1st April 2021 and it requires you to prepare a cash budget for the three months April to June 2021. The following information is supplied to you –

| **Months** | **Sales** | **Purchase** | **Wages** | **Expenses** |
| --- | --- | --- | --- | --- |
| February | 70,000 | 40,000 | 8,000 | 6,000 |
| March | 80,000 | 50,000 | 8,000 | 7,000 |
| April | 92,000 | 52,000 | 9,000 | 7,000 |
| May | 1,00,000 | 60,000 | 10,000 | 8,000 |
| June | 1,20,000 | 55,000 | 12,000 | 9,000 |

Additional Information: -

1. Period of credit allowed by suppliers is two months
2. Delay in payment of wages and expenses one month.
3. Income tax Rs 25,000 is to be paid in June 2021.

**PART C**

**Answer any TWO of the following questions. Each question carries fifteen marks each ( 2x15 = 30)**

1. Define management Reporting. Enumerate the classification of reports prepared for the management.
2. From the following information Prepare a comparative balance sheet of Rana Naidu Co Ltd and provide a brief interpretation of the same.

| **Liabilities** | **2019** | **2020** | **Assets** | **2019** | **2020** |
| --- | --- | --- | --- | --- | --- |
| Equity Share Capital | 2,00,000 | 2,50,000 | Bank | 35,000 | 16,000 |
| 12% Debentures | 1,50,000 | 1,40,000 | Stock | 40,000 | 75,000 |
| 8% Preference Shares | 60,000 | 95,000 | Bills receivable | 20,000 | 50,000 |
| Public Deposits | 70,000 | 1,10,000 | Debtors | 70,000 | 1,00,000 |
| Reserves | 20,000 | 25,000 | Machinery | 75,000 | 60,000 |
| Outstanding salaries | 20,000 | 25,000 | Furniture | 10,000 | 8,000 |
| Creditors | 40,000 | 50,000 | Land | 1,70,000 | 2,80,000 |
| Bills Payable | 30,000 | 18,000 | Buildings | 1,40,000 | 99,000 |
|  |  |  | Goodwill | 30,000 | 25,000 |
|  | **5,90,000** | **7,13,000** |  | **5,90,000** | **7,13,000** |

1. From the balance sheet of Raju Ltd, prepare a cash flow statement for the year 2020.

| **Liabilities** | **2019** | **2020** | **Assets** | **2019** | **2020** |
| --- | --- | --- | --- | --- | --- |
| Equity Share Capital | 70,000 | 90,000 | Machinery | 60,000 | 66,000 |
| 12% Debentures | 65,000 | 55,000 | Accumulated depreciation on P&M | (30,000) | (17,000) |
| 8% Preference Shares | 20,000 | 45,000 | Land | 10,000 | 12,000 |
| P & L A/c | 23,810 | 30,100 | Buildings | 1,11,000 | 1,52,000 |
| Share premium | 5,000 | 8,000 | Goodwill | 16,000 | 8,600 |
| Reserves | 12,000 | 17,300 | Bank | 7,800 | 9,200 |
| Creditors | 3,000 | 2,000 | Stock | 15,220 | 9,000 |
|  |  |  | Debtors | 8,790 | 7,600 |
|  | **1,98,810** | **2,47,400** |  | **1,98,810** | **2,47,400** |

**Additional information: -**

1. Income tax Rs 12,000 was paid during the year.
2. Profit before tax for the year was Rs 7,350.
3. Machinery costing Rs 15,000 (accumulated depreciation Rs 14,000) was sold during the year for Rs 1,000.
4. Interim Dividend of Rs 20,000 was paid during the year.
5. Rs 10,000 12% debentures were redeemed by purchase from the open market at the rate of Rs.90 for a debenture of Rs100.

**SECTION D**

**Answer the following complusory question. The question carries fifteen marks ( 1x15 = 15)**

1. Prepare a flexible budget for 60% and 80% capacity based on the information given below for 50% capacity (10,000 units)
2. Direct materials – Rs 100 per unit
3. Direct labour – Rs 40 per unit
4. Factory overhead – Rs 40 per unit (30% is fixed)
5. Administration overhead – Rs 30 per unit (40% is fixed)
6. At 60% capacity, the cost of raw materials increases by 4% and at 80% it increases by 5%.
7. At 60% capacity, the selling price decreases by 2% and at 80% it decreases by 6%.
8. Selling price at 50% capacity is Rs 350 per unit.

**Find out profit at all three levels of production**.

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