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Reg. No. : .....

Name : .....

Sixth Semester B.Com. Degree Examination, April 2017

(First Degree Programme under CBCSS)

Core Course : CO 1643/CX 1643/TT 1643/HM 1643/CC 1642

MANAGEMENT ACCOUNTING

(2013 Adm. Onwards)

(Common for Commerce/Commerce and Tax Procedure and Practice/ Commerce and Tourism and Travel Management/Commerce and Hotel Management and Catering/Commerce with Computer Applications)

Time : 3 Hours Max. Marks : 80

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SECTION – A

Answer **all** questions in **one** or **two** sentences. **Each** question carries **1** mark.

1. What do you mean by management accounting ?
2. What is cash equivalent ?
3. Distinguish liquidity and Solvency.
4. What is Master Budget ?
5. Distinguish inter firm and intra firm comparison.
6. List any two functions of management accounting.
7. What do you mean by activity ratio ?
8. What is Trend analysis ?
9. What is Operating ratio ?
10. Give any two objectives of cash flow statement. **(10×1=10 Marks)**

SECTION – B

Answer **any eight** questions. **Each** question carries **2** marks.

11. State the different interpretations for the term funds.
12. Mention any four limitations of management accounting.
13. Distinguish budget and budgetary control.
14. Give any four uses of Ratio analysis.
15. Explain the significance of Earnings Per Share.
16. What are cash from operating activities ?

P.T.O.

17. Calculate Current ratio, when inventory is Rs. 80,000, prepaid expenses Rs. 2,000; quick ratio 2.5 to 1 and current liabilities are Rs. 50,000.
18. From the following information, calculate operating profit ratio :
Cost of goods sold Rs. 4,00,000
Administrative and office expenses Rs. 35,000
Selling and distribution expenses Rs. 45,000
Net sales Rs. 6,00,000.
19. Calculate Debtors Turnover Ratio from the following :
Accounts Receivable Rs. 20,00,000
Total Credit Sales (Annual) Rs. 80,00,000.
20. Calculate Gross Profit Ratio from :
Credit sales (being 80% of total sales) Rs. 1,60,000
Sales return Rs. 20,000
Purchases (less returns) Rs. 80,000
Opening stock Rs. 20,000
Closing stock Rs. 30,000
Wages and other direct expenses Rs. 20,000.
21. List any four objects of preparing budgets.
22. Distinguish vertical and horizontal analysis. **(8×2=16 Marks)**

SECTION – C

Answer **any six** questions. **Each** question carries **4** marks.

23. Distinguish Management Accounting and Financial Accounting.
24. What are the tools of Management Accounting ?
25. How will you calculate Cash Flow from operating activities under direct method ?
26. The extracts of balance sheets of AB Ltd. as on 31 December 2014 and 2015 are given below. You are required to prepare funds from operations.

Particulars	**As on 31 December**	
	2014 (Rs.)	**2015 (Rs.)**
Profit and loss appropriation account	50,000	60,000
General reserve	20,000	25,000
Goodwill	10,000	5,000
Preliminary expenses	8,000	6,000
Provision for depreciation on machinery	10,000	12,000

27. The expenses budgeted for production of 10,000 units in a factory are :

	Per Unit (Rs.)
Materials	70
Labour	25
Variable overheads (Rs. 1,00,000)	20

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Variable expenses (Direct)	10
Selling expenses (10% fixed)	5
Distribution expenses (20% fixed)	13
Administration expenses (Rs. 50,000)	7
Total cost of sales per unit (to make and sell)	5
	155

Prepare a flexible budget for production of :

a) 8,000 units

b) 6,000 units.

Assume that administrative expenses are rigid for all levels of production.

28. Following is the Balance Sheet of Sunder Ltd., Prepare a statement of changes in working capital.

Liabilities	**31-3-2014**	**31-3-2015**	**Assets**	**31-3-2014**	**31-3-2015**
Share capital	50,000	60,000	Goodwill	8,000	5,000
Profit and loss account	20,000	30,000	Fixed assets	30,000	50,000
General reserve	5,000	7,000	Current assets	47,000	60,000
Provision for depreciation	–	3,000			
Current liabilities	10,000	15,000			
Total	**85,000**	**1,15,000**	**Total**	**85,000**	**1,15,000**

29. Calculate operating ratio and operating profit ratio from :

	Amount (Rs.)
Sales (returns)	2,50,000
Office and administrative expenses	25,000
Selling and distribution expenses	10,000
Loss on sale of furniture	3,000
Profit on sale of plant	5,000
Cost of goods sold	1,25,000

30. Distinguish comparative statements and common size statements.

31. What are the limitations of ratio analysis ? **(6×4= 24 Marks)**

SECTION – D

Answer **any two** questions. **Each** question carries **15** marks.

32. With the help of the following information given below, prepare Trading Account, Profit and Loss Account and Balance Sheet of Star Ltd.

a) Gross profit ratio = 25%

b) Net profit / sales = 20%

c) Sales inventory ratio = 10

d) Fixed assets/total current assets = 5/8

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e) Current ratio = 1
f) Fixed assets/share capital = 5/4
g) Fixed assets = Rs. 8,00,000
h) Closing stock = Rs. 80,000.

33. Sree Ram Co. wishes to arrange overdraft facilities with its bankers during the period April to June when it will be manufacturing mostly for stock. Prepare cash budget including the extent of bank facilities the company will require at the end of each month.

Months	Sales (Rs.)	Purchases (Rs.)	Wages (Rs.)
February	1,80,000	1,24,800	12,000
March	1,92,000	1,44,000	14,000
April	1,08,000	2,43,000	11,000
May	1,74,000	2,46,000	10,000
June	1,26,000	2,68,000	15,000

Additional Information :

i) 50% of credit sale is realized in the month following the sales and the remaining, 50% in the second month following.
ii) Creditors are paid in the month following the month of purchase.
iii) Wages are paid in the current month.
iv) Cash at bank on 1st April (estimated) Rs. 25,000.

34. From the following particulars prepare cash flow statement for the year ended 31-3-2015.

Balance Sheets

Liabilities	31-3-2014	31-3-2015	Assets	31-3-2014	31-3-201
Capital	1,00,000	1,50,000	Plant and machinery	45,000	69,00
Bank overdraft	60,000	60,000	Land and building	80,000	95,50
Creditors	24,000	25,000	Stock	15,000	20,00
Outstanding wages	1,000	1,500	Debtors	35,000	47,00
			Cash	10,000	5,00
	1,85,000	**2,36,500**		**1,85,000**	**2,36,50**

Additional Information :

1) Plant and Machinery purchased earlier for Rs. 10,000 was sold for Rs. 7,000 during the year ending 31-3-2015. Up to the point of sale depreciation was Rs. 2,000.
2) Accumulated depreciation on plant and machinery and land and building were Rs. 15,000 and Rs. 20,000 respectively.

35. What do you mean by management reporting ? State different methods of reporting. Explain the different classification of reports. **(2×15=30 Mark**

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