ST. SAINTS COLLEGE LIBRARY TRIVANDRUM

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G – 1503

Reg. No. : .....

Name : .....

Sixth Semester B.Com. Degree Examination, April 2019
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 & 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

SECTION – A

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

1. Define Management Accounting.
2. Define Financial Statements.
3. What do you mean by trend ratio ?
4. What do you mean by EPS ?
5. What is P.E. Ratio ?
6. What do you mean by Fund ?
7. Explain the meaning of cash flow statement.
8. What is Master Budget ?
9. What is external reporting ?
10. What are internal reports ?

(10×1=10 Marks)

P.T.O.

SECTION – B

Answer **any 8** of the following. **Each** question carries **2** marks.

11. Explain the methods of reporting.

12. Explain Financial reporting.

13. Differentiate a Budget from Budgeting and Budgetary control.

14. What is performance budgeting ?

15. How will you treat the following while calculating operating net profit for cash from operations ?

    A) Loss on sale of machine

    B) Depreciation.

16. How will you treat Preliminary expense written off and dividend paid while calculating operating net profit for cash from operations ?

17. Current liabilities of a company are 3 lakhs. Its current ratio is 3 : 1 and quick ratio is 1 : 1. Calculate the value of stock.

18. Determine debtors turnover ratio and average collection period.
    Total sales = 10 lakhs, Credit sales – 8 lakhs, Debtors – 1 lakh.

19. If average stock is 50,000 and closing stock is 12,000 more than opening stock. Calculate opening and closing stock.

20. Stock turnover ratio is 3 times. Average stock is Rs. 20,000/-. Calculate cost of goods sold and also sales if profit, earned is 25% of the cost.

21. What are the objectives of Management Accounting ?

22. What are the tools of Management Accounting ?

(8×2=16 Marks)

SECTION – C

Answer **any 6** of the following questions. **Each** question carries **4** marks.

23. Differentiate Financial Accounting from Management Accounting.

24. Distinguish between horizontal analysis and vertical analysis.

25. Given Current ratio = 2 : 8, Acid test ratio = 1 : 5, Working capital = 1,62,000; calculate. 1) current assets 2) current liabilities 3) liquid assets 4) stock.

26. From the following balance sheet of ABC Ltd., for the year ending 31-12-2013 and 31-12-2014. Prepare a schedule of changes in working capital.

Balance Sheet

Liabilities	2013	2014	Assets	2013	2014
Share capital	4,00,000	5,75,000	Land & building	75,000	1,00,000
Creditors	1,06,000	70,000	Stock	1,21,000	1,36,000
Profit & Loss A/c	14,000	31,000	Debtors	1,81,000	1,70,000
			Cash	1,43,000	2,70,000
	5,20,000	**6,76,000**		**5,20,000**	**6,76,000**

27. Following information is available from the books of Standard Company Ltd.

Particulars	2015	2016
Profit made during the year	–	2,50,000
Income received in advance	500	600
Prepaid expenses	1,600	1,400
Debtors	80,000	95,000
Bills receivables	25,000	20,000
Creditors	45,000	40,000
Bills payable	13,000	15,000
Outstanding expenses	2,500	2,000
Accrued income	1,500	1,200

Calculate cash from operation.

28. With the following data for 60% activity, prepare a flexible budget for production at 80% and 100% activity.

Production at 60% capacity	=	6000 units
Materials	=	Rs. 100/unit
Labour	=	Rs. 50/unit
Direct expenses	=	Rs. 20/unit
Factory overheads	=	Rs. 50,000 (40% fixed)
Administration overheads	=	Rs. 40,000 (60% fixed)
Selling overheads	=	Rs. 20,000 (50% fixed)

29. What do you mean by Reporting ? What are the essentials of a good reporting system ?

30. From the following Balance Sheets of Mejo Chemicals Ltd. as on 31-3-2009 and 31-3-2010, prepare a Comparative Balance Sheet.

Liabilities	**2009**	**2010**	**Assets**	**2009**	**2010**
Current liabilities	2,00,000	4,00,000	Fixed assets	12,00,000	18,00,000
Reserves	3,00,000	2,00,000	Less: Accumulated		
12% loan	5,00,000	8,00,000	Depreciation	2,00,000	3,00,000
Share Capital	5,00,000	10,00,000		10,00,000	15,00,000
			Current assets	5,00,000	9,00,000
	15,00,000	**24,00,000**		**15,00,000**	**24,00,000**

31. Profit and Loss Account of Person Ltd. for the year 2011 is given.

	Rs.		**Rs.**
To Salaries	72,000	By Gross profit b/d	3,40,000
To Rent, Insurance and taxes	40,000	By Interests on	
To Lighting expenses	20,000	investment	30,000

To Audit fees	10,000	By Profit on sale of	
To Depreciation	35,000	machinery	20,000
To Preliminary expenses written off	5,000	Refund of income tax	10,000
To Loss on sale of investment	3,000		
To Selling expenses	20,000		
To Provisions for tax	75,000		
To Net profit c/d	1,20,000		
	4,00,000		**4,00,000**

Calculate Funds from Operations. **(6×4=24 Marks)**

SECTION – D

Answer **any 2** of the following. **Each** question carries **15** marks.

32. With the following ratio and further information given below, prepare a Trading and Profit and Loss Account and a Balance Sheet of Sigma Agencies.

i) Gross profit ratio = 25%

ii) Net profit ratio = 20%

iii) Stock turnover ratio = 10

iv) Net profit/capital = 1/5

v) Capital to total liability = ½

vi) Fixed assets/capital = 5/4

vii) Fixed assets/total current assets = 5/7

viii) Fixed assets = Rs. 2,00,000/-

ix) Closing stock = 20,000/-

33. Ashok Industries Ltd. approaches its bankers for overdraft facility for the period Jan. to March 2014. From the following data prepare cash budget for the above period indicating the overdraft facility required at the end of each month.

	Sales	Purchases	Wages	Expenses
November 2013	2,40,000	1,60,000	20,000	25,000
December 2013	2,60,000	1,70,000	24,000	30,000
January 2014	1,70,000	3,30,000	18,000	28,000
February 2014	2,30,000	3,40,000	22,000	32,000
March 2014	1,90,000	3,70,000	26,000	40,000

a) Estimated cash at bank 1-1-2014 is Rs. 40,000/-

b) 50% of the credit sales are realised in the month following the sales and remaining 50% in the second month following.

c) Creditors are paid in the month following the month of purchase.

d) Wages and expenses are paid in the month in which they are incurred.

34. The summarised Balance Sheet of J.K. Ltd. as on 31-12-2002 and 2003 are as follows.

Balance Sheet

Liabilities	2002	2003	Assets	2002	2003
Share capital	4,50,000	4,50,000	Land & building	2,00,000	2,00,000
General reserve	3,00,000	3,10,000	Machinery	2,00,000	1,20,000
Profit & Loss A/c	56,000	68,000	Investments	50,000	60,000
Creditors	1,68,000	1,34,000	Stock	2,40,000	2,10,000
Provision for tax	75,000	10,000	Debtors	2,10,000	4,55,000
Mortgage Loan		2,70,000	Cash	1,49,000	1,97,000
	10,49,000	**12,42,000**		**10,49,000**	**12,42,000**

Additional information :

1) Investments costing Rs. 8,000/- were sold during the year 2003 for Rs. 8,500/-
2) Provision for taxation made during the year was Rs. 9,000/-
3) During the year machine costing Rs. 10,000/- was sold for Rs. 12,000/-. The profit was included in the Profit and Loss account.
4) Dividend paid during the year amounted to Rs. 40,000/-

Prepare a schedule of changes in working capital and a statement of sources and application of fund for the year 2003.

35. Write an essay on advantages and disadvantages of Management Accounting. **(2×15=30 Marks)**