

Reg. No. : .....

Name : .....

**Sixth Semester B.Com. Degree Examination, April 2023**

**First Degree Programme Under CBCSS**

**Core Course**

**CO 1643/CX 1643/TT 1643/HM 1643/CC 1642 – MANAGEMENT  
ACCOUNTING**

**(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)**

**(2013-2017 Admission)**

Time : 3 Hours

Max. Marks : 80

**SECTION – A**

Answer all questions. Each question carries 1 mark.

1. What is management accounting?
2. What are the limitations of management accounting?
3. What are financial statements?
4. What is ratio analysis?
5. When does flow of funds take place?
6. Give two examples of cash flow from investing activities.
7. What is a budget?
8. What are functional budgets?

9. What is meant by management reporting?

10. What are internal reports?

(10 × 1 = 10 Marks)

### SECTION – B

Answer any eight questions. Each question carries 2 marks.

11. What are the duties of management accountant?

12. How does management accounting differ from cost accounting?

13. What is trend analysis?

14. What are the objectives of preparing comparative financial statements?

15. What does the current ratio indicate?

16. What are the advantages of preparing funds flow statement?

17. What are 'cash equivalents'?

18. What is master budget?

19. Explain the principles of good reporting system.

20. Current ratio 2.5 : 1

Working capital ₹ 30,000

Find out current assets and current liabilities.

21. Net profits earned during the year is ₹ 50,000

Amount of debtors in the beginning of the year ₹ 15,000

Amount of debtors at the end of the year ₹ 25,000

Find out the cash from operating activities.

22. Wages for January ₹ 20,000

Wages for February ₹ 22,000

Delay in payment of wages ½ month

Find out the amount of wages paid during the month of February.

(8 × 2 = 16 Marks)

SECTION – C

Answer any six questions. Each question carries 4 marks.

23. What is the scope of management accounting?
24. Compare horizontal and vertical analysis.
25. What are the uses of cash flow statement?
26. What are the objectives of budgetary control?
27. Convert the following statement of profit and loss into the comparative statement of profit and loss.

Particulars	Note no	2020-21	2021-22
Revenue from operations		90,000	1,12,500
Other incomes		2,250	1,800
Expenses		66,000	75,900
Income tax		25%	30%

28. From the following information calculate

- (a) Debt equity ratio
- (b) Capital gearing ratio

	₹
Equity shares capital	3,00,000
8% Preference share capital	1,00,000
10% Debentures	2,00,000
Reserves and surplus	1,00,000
Bank Loan	6,00,000
Sundry creditors	70,000
Bills payable	30,000

29. Profit and Loss Account of P Ltd. for the year 2021 is given below:

	₹		₹
To Salaries	72,000	By Gross Profit b/d	3,40,000
To Rent, insurance and taxes	40,000	By Interests on investment	30,000
To Lighting expenses	20,000	By Profit on sale of machinery	20,000
To Audit fees	10,000	By Refund of income tax	10,000
To Depreciation	35,000		
To Preliminary expenses written off	5,000		
To Loss on sale of investment	3,000		
To Selling expenses	20,000		
To Provision for tax	75,000		
To Net Profit c/d	1,20,000		
	4,00,000		4,00,000

Calculate Funds from Operations.

30. From the following summary of cash account for the year ended 31<sup>st</sup> March 2022 of N Ltd. calculate cash flow from operating activities using direct method.

Particulars	₹	Particulars	₹
To Balance b/d	1,25,000	By Cash Purchases	1,30,000
To Cash Sales	1,50,000	By Trade Payables	1,44,000
To Trade Receivables	1,60,000	By Rent paid	50,000
To Interest and Dividend	2,000	By Office Expenses	25,000
To Loan from Bank	1,50,000	By Income Tax	30,000
To Sale of Investment	80,000	By Investment	90,000
To Trade Commission	40,000	By Repayment of Loan	1,00,000
		By Interest on Loan	7,000
		By Balance c/d	1,31,000
	7,07,000		7,07,000

31. A company manufacturing a product requires to engage following workers during January 2023.

Direct workers 10

Indirect workers 20

Rate of pay: Direct workers ₹ 200 per hour, Indirect workers ₹ 150 per hour

The company expects to work for 200 hours during the month. Prepare labour budget for January 2023.

(6 × 4 = 24 Marks)

#### SECTION – D

Answer any two questions. Each question carries 15 marks.

32. Discuss the various managerial reports prepared by business firms.
33. From the following information you are asked to prepare a Balance Sheet:

	₹
Current Liabilities	1,00,000
Reserves and Surplus	50,000
Bills Payable	40,000
Debtors	35,000
Miscellaneous expenditure	1,00,000
Current Ratio	1.75
Acid test Ratio	1.15
Fixed Assets to Proprietors Fund	0.75
Ratio of Fixed Assets to Current Assets	3

The current assets of the firm consist of debtors, stock and cash. The firm does not have any long-term liability.

34. The following are the summarised Balance sheet of P and Q as on 1<sup>st</sup> January 2022 and 31<sup>st</sup> December 2022.

		(Amount in ₹)			
Liabilities	01.01.2022	31.12.2022	Assets	01.01.2022	31.12.2022
Creditors	40,000	44,000	Cash	10,000	7,000
A's loan	25,000		Debtors	30,000	50,000
Loan from Bank	40,000	50,000	Stock	35,000	25,000
Combined capital	1,25,000	1,53,000	Machinery	80,000	55,000
			Land	40,000	50,000
			Building	35,000	60,000
	<u>2,30,000</u>	<u>2,47,000</u>		<u>2,30,000</u>	<u>2,47,000</u>

Additional information:

During the year, a machine costing ₹ 10,000 (accumulated depreciation ₹ 3,000) was sold for ₹ 5,000. The provision for depreciation against machinery as on 01-01-2022 was ₹ 25,000 and on 31-12-2022 it was ₹ 40,000. Net Profit for the year 2022 amounted to ₹ 45,000.

You are required to prepare a Cash Flow Statement.

35. Prepare a cash budget for the first four months from the following estimated revenue and expenses:

(Amount in ₹)					
Month	Sales	Purchases	Wages	Administrative overhead	Distribution overhead
April	60,000	60,000	12,000	2,000	1,200
May	66,000	42,000	14,000	2,200	1,400
June	72,000	40,000	16,000	2,200	1,400
July	78,000	36,000	18,000	2,400	1,600
August	84,000	34,000	20,000	2,600	1,600

Additional Information:

- (a) Cash balance on 1<sup>st</sup> April was ₹ 35,000  
 (b) 50% of sales are on credit basis which are realized in subsequent month.

- (c) Suppliers are paid in the month following the month of supply.
- (d) Delay in payment of wages and overheads is 30 days.
- (e) Dividend on investment amounting to ₹ 10,000 may be received in April and July.
- (f) Company plans to purchase a machine for ₹ 60,000 for which it has to pay the consideration in three equal instalments in the month April, June and July.

(2 × 15 = 30 Marks)