

Reg. No. :

Name :

Sixth Semester B.Com. Degree Examination, March 2021
First Degree Programme under CBCSS
Core Course : CO 1643/CX 1643/ TT 1643/ HM 1643/ CC 1642

MANAGEMENT ACCOUNTING

(2015-2017 Admission)

(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

SECTION – A

Answer **all** questions. **Each** question carries **1** mark.

1. State any two objectives of management accounting.
2. What are activity ratios?
3. What are common size financial statements?
4. What is meant by external analysis?
5. What is a fund flow statement?
6. What do you mean by the term cash equivalents?
7. State any two methods of cash equivalents?

8. What is defensive-interval ratio?
9. What is EPS?
10. What are financial reports?

SECTION – B

(10 × 1 = 10 Marks)

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

11. State any four limitations of management accounting.
12. Write a short note on comparative financial statements.
13. Explain briefly net working capital.
14. Name any four sources of fund.
15. Explain briefly profitability ratios.
16. Write a short note on Master budget.
17. What are the three guiding principles of reporting to the various level of management?
18. From the following data find out current assets.

Current ratio 2.5;

Working capital Rs.1,50,000;

Liquid ratio 1.5

19. The current ratio of SF Ltd. is 2, while the quick ratio is 1.8. If the current liabilities are Rs.40,000, calculate the value of stock.
20. From the following information calculate operating profit ratio

Net profit before interest Rs.1,50,000; Net profit after interest Rs.1,40,000. Net sales Rs.15,00,000.

21. Calculate funds from operation:

Net loss for the current year Rs.20,000; Loss on sale of machinery Rs.15,000;
Depreciation on Plant and Machinery Rs.5,000

22. From the following information prepare a common-size income statement.

Sales Rs.16,00,000; Cost of sales Rs.10,80,000; Operating expenses Rs.10,000;
Interest paid Rs.60,000; Net profit Rs.3,60,000.

(8 × 2 = 16 Marks)

SECTION – C

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

23. Explain the types of financial analysis.

24. What are the advantages of budgetary control?

25. Explain the importance of reporting to management.

26. The following are the summary of cash transactions extracted from the books of Beta Ltd.

	(Rs.in '000')
Balance as on 1 st April, 2018	140
Receipts from customers	11,132
Issues of shares	1,200
Sale of fixed assets	512
	<hr/>
	12,984
	<hr/>
Payments to suppliers	8,188
Payments for fixed assets	920
Payments for overheads	460
Wages and salaries	276

	(Rs.in '000')
Payments of taxes	972
Dividends	320
Repayment of bank loans	1,000
	12,136
Balance as on 31 st March, 2019	848

You are required to ascertain cash from the operating activities for the period ended 31st March, 2019.

27. Calculate trend ratios from the following figures of Trendy Ltd. Taking 2014 as the base.

Year	2014	2015	2016	2017	2018	2019
Sales (Rs. in lakhs)	60	80	96	112	140	160
Profit (Rs. in lakhs)	10	16	20	30	40	48

28. From the following information, calculate debtors turnover ratio and average collection period.

	Rs.
Total debtors (Opening balance)	2,00,000
Cash sales	1,50,000
Credit sales	10,00,000
Cash collected	7,80,000
Sales returns	60,000
Bad debts	40,000
Discount allowed	20,000
Provisions for bad debts	25,000
No. of days in a year - 360	

29. From the following two balance sheets of M/s Vanaja Traders as at December 31, 2018 and 2019, Prepare a comparative balance sheet.

	2018	2019	2018	2019
	(Rs. lakhs)	(Rs. lakhs)	(Rs. lakhs)	(Rs. lakhs)
Liabilities:				
Share capital	1,600	2,400		
Debentures	800	1,200		
Reserve	400	640		
Trade creditors	1,000	860		
Assets :				
Fixed assets			1,500	2,500
Current assets			2,300	2,600
	<u>3,800</u>	<u>5,100</u>	<u>3,800</u>	<u>5,100</u>

30. From the following two balance sheets of steel Ltd. as at December 31, 2018 and 2019, prepare a schedule of changes in working capital.

	2018	2019	2018	2019
	Rs.	Rs.	Rs.	Rs.
Liabilities :				
Share capital	80,000	90,000		
Trade creditors	20,000	46,000		
Profit and Loss a/c	4,60,000	5,00,000		
Assets :				
Cash			60,000	94,000
Debtors			2,40,000	2,30,000
Stock in trade			1,60,000	1,80,000
Land			1,00,000	1,32,000
	<u>5,60,000</u>	<u>6,36,000</u>	<u>5,60,000</u>	<u>6,36,000</u>

31. From the following data, prepare a flexible budget for production at 100% capacity.

Production at 80% capacity	8,000 Units
Material	Rs.100 per unit
Labour	Rs.50 per unit
Direct expenses	Rs.20 per unit
Factor overheads	Rs.50,000 (40% fixed)
Administration overheads	Rs.40,000 (60% fixed)
Selling overheads	Rs.20,000 (50% fixed)

(6 × 4 = 24 Marks)

SECTION – D

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

32. What do you mean by reporting to management? Explain the different modes of reporting. Also discuss the significance of reporting to management.

33. From the following information on 31st March, 2019 prepare balance sheet of Arifa Ltd.

(a) Current Ratio	2.5
(b) Liquid Ratio	1.5
(c) Proprietary Ratio	0.75
(d) Working Capital	60,000
(e) Reserves and surplus	40,000
(f) Bank overdraft	10,000

There are no long term loans or fixed assets.

34. From the following balance sheets and additional information, prepare
 (a) Schedule of changes in working capital and
 (b) Statement of sources and application of funds as on 31.12.2019

	2018 Rs.	2019 Rs.	2018 Rs.	2019 Rs.
Liabilities :				
Equity share capital	6,00,000	8,00,000		
Preference share capital	3,00,000	2,00,000		
General reserve	80,000	1,40,000		
Profit and Loss a/c	60,000	96,000		
Proposed dividend	84,000	1,00,000		
Creditors	1,10,000	1,66,000		
Bills payable	40,000	32,000		
Provisions for taxation	80,000	1,00,000		
Assets :				
Cash			30,000	20,000
Bank			20,000	16,000
Stock			1,54,000	2,18,000
Bills receivable			40,000	60,000
Debtors			3,20,000	4,00,000
Plant and machinery			1,60,000	4,00,000
Land and buildings			4,00,000	3,40,000
Good will			2,30,000	1,80,000
	<u>13,54,000</u>	<u>16,34,000</u>	<u>13,54,000</u>	<u>16,34,000</u>

Additional Information:

- (i) Proposed dividend made during the 2018 has been paid during 2019.
- (ii) Depreciation
 - (1) Rs.20,000 on plant and machinery and
 - (2) Rs.40,000 on land and buildings
- (iii) Interim dividend has been paid Rs.40,000 in 2019.
- (iv) Income tax Rs.70,000 has been paid during 2019.

35. Jupiter Ltd. has provided the following particulars. You are required to prepare a cash budget for three months ending 31st December, 2019.

(a) Months	Sales Rs.	Materials Rs.	Wages Rs.	Overheads Rs.
August	40,000	20,400	7,600	3,800
September	42,000	20,000	7,600	4,200
October	46,000	19,600	8,000	4,600
November	50,000	20,000	8,400	4,800
December	60,000	21,600	9,000	5,000

Credit terms are:

(b) Sales/Debtors – 10% sales are on cash, 50% of the credit sales collected next month and the balance in the following month.

Creditors – Materials 2 months, Wages 1/5 month, overheads 1/2 month.

(c) Cash balance on 1st October, 2019 is expected to be Rs.8,000.

(d) A machinery will be installed in August, 2019 at a cost of Rs.1,00,000. The monthly installment of Rs.5,000 is payable from October onwards.

(e) Dividend at 10% on preference share capital of Rs.3,00,000 will be paid on 1st December, 2019

(f) Advance to be received for sales of vehicle Rs.20,000 in December.

(g) Income tax (advance) to be paid in December Rs.5,000.

(2 × 15 = 30 Marks)