

B.Com. DEGREE EXAMINATION, NOVEMBER 2018
III Year V Semester
Core Major- Paper XVI
MANAGEMENT ACCOUNTING

Time : 3 Hours

Max.marks :75

Section A ($10 \times 2 = 20$) Marks

Answer any **TEN** questions

1. What is Management Accounting.
2. Who are the parties interested in financial statements.
3. What is 'Comparative Statement'.
4. Calculate Material Usage or Quantity variance from the following:

Standard	: 400 units at Rs.10 each
Actual	: 360 units at Rs.7 each
5. With the help of the following information calculate labour cost variance:

Standard hours	: 40 at Rs.3 per hour
Actual hours	: 50 at Rs.4 per hour
6. What do you mean by ratio analysis.
7. Calculate closing stock when current liabilities is Rs.3,00,000, current ratio 3:1 and acid test ratio 1:1.
8. Explain the concept of 'Working Capital'.
9. Calculate the cash flow from financing activities from the following details:

Issue for Debentures for cash	Rs.20,00,000
Long term loan from bank	Rs.5,00,000
Redemption of Preference shares	Rs.6,00,000
Purchase of land	Rs.9,00,000
10. Compute Funds from Operation from the following:

Net Profit for the year 2006-07	Rs.95,000
Depreciation charged on Fixed Assets	Rs.42,000
Profit on sale of long term investments included in Profit & Loss a/c	Rs.13,000
Goodwill written off	Rs.20,000
11. Calculate variable cost, when Sales is Rs.50,000; Fixed cost Rs.10,000; Profit Rs.5,000.
12. Prepare Production Budget for the quarter ending 31st March 2004:

Budgeted sales for the quarter	40,000 tons
Stock on 31 st Dec. 2003	8,000 tons
Required Stock on 31 st March 2004	10,000 tons

Section B ($5 \times 5 = 25$) MarksAnswer any **FIVE** questions

13. Explain the importance of Management Accounting.
14. From the following data, calculate: (a) Material cost variance, (b) Material price variance, (c) Material usage variance, (d) Material mix variance.

Product	Standard		Actual	
	Kg.	Rate	Kg.	Rate
A	8,000	1.05	7,500	1.20
B	3,000	2.15	3,300	2.30
C	2,000	3.30	2,400	3.50

15. From the following figures, calculate creditors turnover ratio and the average age of accounts payable.

Particulars	Rs.
Credit purchases during 2001	1,00,000
Creditors on 1.1.2001	20,000
Creditors on 31.12.2001	10,000
Bills Payable on 1.1.2001	4,000
Bills Payable on 31.12.2001	6,000

16. Distinguish between a Funds flow and Cash flow Statement.
17. From the following prepare a statement showing changes in working capital during 2015:

Balance Sheet as on Dec.31 2015

Liabilities	2014	2015	Assets	2014	2015
Share Capital	5,00,000	6,00,000	Fixed Assets	10,00,000	11,20,000
Reserves	1,50,000	1,80,000	Less: Depreciation	3,70,000	4,60,000
Profit and Loss a/c	40,000	65,000	Book value of F/A	6,30,000	6,60,000
Debentures	3,00,000	2,50,000	Stock	2,40,000	3,70,000
Creditors for goods	1,70,000	1,60,000	Book Debts	2,50,000	2,30,000
Provision for In-come Tax	60,000	80,000	Cash in Hand	80,000	60,000
			Preliminary ex-penses	20,000	15,000
	12,20,000	13,35,000		12,20,000	13,35,000

18. Explain the different factors to be considered while taking a 'make or buy' decision.
19. With the following data for 60% activity, prepare a budget for 80% activity.

Materials Rs.10 per unit

Wages Rs.6 per unit

Factory Overheads Rs.6,000 (20% fixed)

Administrative Overheads Rs.2,400 (10% variable)

Assume that production at 60% activity is 240 units.

Section C ($2 \times 15 = 30$) Marks

Answer any **TWO** questions

20. Explain the different tools and techniques used in Financial Statement Analysis.

21. From the following information prepare a Balance Sheet.

Net working capital	Rs.75,000
Reserves and Surplus	Rs.1,00,000
Bank Overdraft	Rs.60,000
Current Ratio	1.75
Liquid Ratio	1.15
Fixed Assets to Proprietary Fund	0.75
Long term liabilities	Nil

22. The following are the balance sheets of X Ltd., as on 31.12.05 and 31.12.06.

Liabilities	2005	2006	Assets	2005	2006
Share Capital	1,00,000	1,25,000	Building	1,00,000	95,000
Reserves & Surplus	25,000	30,000	Machinery	75,000	85,500
Profit & Loss A/C	15,250	15,300	Stock	50,000	37,000
Bank Loan	35,000	-	Debtors	40,000	31,100
Creditors	75,000	67,600	Cash	250	300
Provision for Tax	15,000	17,500	Bank	-	4,000
			Investments	-	2,500
	2,65,250	2,55,400		2,65,250	2,55,400

Additional Information:

(1) Dividend of Rs.11,000 was paid.

(2) Machinery was purchased for Rs.15,000

(3) Income tax paid during the year Rs.16,500

Prepare Cash Flow Statement.

23. The sales and profit for 2016 and 2017 are as follows:

Year	Sales (Rs.)	Profit (Rs.)
2016	1,50,000	20,000
2017	1,70,000	25,000

Find out: (a) P/V Ratio, (b) BEP, (c) Sales for a profit for Rs.40,000, (d) Profit for sales of Rs.2,50,000, and (e) Margin of Safety at a profit of Rs.50,000.