B.Sc DEGREE EXAMINATION,APRIL 2019
I Year II Semester
Management Accounting

Time : 3 Hours **Max.marks :75**

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

Answer any **TEN** questions

1. What are the importance of Management Accounting?
2. Mention any two limitations of Management Accounting.
3. What are the classifications of ratio analysis?
4. Ascertain the gross profit ratio from the following particulars:

   Gross Profit - Rs.27,000 Opening Stock -Rs.12,000

   Cost of sales - Rs.33,000 Closing Stock -Rs.16,000
5. What are the basic purpose of Cash flow statement?
6. From the following information, Calculate cash from operations:

   Net Profit for the year - Rs. 2,00,000 Total Sales – Rs.4,00,000

   Debtors outstanding in the beginning of the year – Rs. 1,32,000

   Debtors outstanding at the end of the year - Rs.99,000.
7. What do you mean by Flexible budget?
8. From the following particulars, prepare a production budget for three months ending30.6.2013:

   Estimated sales : April 2013 – Rs.1,40,000, May 2013 – Rs.1,60,000

   June 2013 – Rs.1,30,000 July 2013 – Rs. 1,20,000

   It is a Policy of the company to maintain 50% of the month's sales as opening stock
9. What is Margin of safety?
10. From the following information, Find out the amount of profit earned during the year using marginal costing technique:

    Fixed Cost - Rs.5,00,000 Selling price - Rs.15 per unit

    Variable cost - Rs.10 per unit Output level -Rs.1,50,000 units.
11. What is Break even analysis?
12. What is Profitability ratio?

Section B $(5 \times 5 = 25)$ Marks

Answer any **FIVE** questions

13. What are the functions of Management Accounting?
14. Explain the Accounting standard AS-3?
15. Opening stock – Rs.29,000 Closing stock - Rs. 31,000

    Sales - Rs.3,00,000 Gross Profit - 25% on cost

    Calculate Stock Turnover ratio.
16. From the following particulars, Calculate net profit and cash from operations:

    Opening stock - Rs.30,000 Purchases - Rs.90,000

    Sales - Rs.1,60,000 Expenses – Rs.25,000

    Closing stock – Rs.35,000
17. Kannan Ltd has prepared budget for the production of one lakh of single commodity manufactured by them for a costing period as under:

Raw Materials	2,50,000
Direct labour	60,000
Direct expenses	20,000
Works overhead (60% fixed)	2,50,000
Administration Overheads (80% fixed)	50,000
Selling overheads (50% fixed)	40,000

    The actual production during the period was only 70,000 units. Prepare revised budget.
18. Fixed overhead – Rs.1,20,000 Variable overhead – Rs.2,00,000

    Direct wages – Rs.1,50,000 Direct materials - Rs.4,10,000

    Sales – Rs.10,00,000. Calculate the Break even point and P/V ratio
19. Calculate operating profit ratio from the following data:

    Sales – Rs. 4,00,000 Gross profit – Rs.1,00,000

    Administration expenses – Rs.40,000 Selling and distribution expenses – Rs.35,000

    Income on investments – Rs.20,000 Loss by fire - Rs.10,000

Section C $(3 \times 10 = 30)$ Marks

Answer any **THREE** questions

20. What are the difference between Financial Accounting and Management Accounting?

21. M/s.Raj & sons presents you the following balance sheet as on 31.12.2016.

Liabilites	Rs	Assets	Rs
Share capital: Equity shares of Rs.10 each	 10,00,000	Fixed Assets Stock	10,00,000 4,00,000
Reserve fund	1,00,000	Debtors	3,00,000
7% Debentures	3,00,000	Cash	2,00,000
Overdraft	2,00,000		
Creditors	3,00,000		
	19,00,000		19,00,000

Calculate (i) Liquidity ratio (ii) Solvency ratio (iii) Debt-equity ratio

22. From the following balance sheets of Mr.william. Prepare a cash flow statement (AS-3)

Liabilities	2002	2003	Assets	2002	2003
Capital	5,00,000	6,12,000	Land &Building	3,00,000	4,40,000
Sundry creditors	1,60,000	1,76,000	Plant & Machinery	3,20,000	2,20,000
Mrs.William's loan	1,00,000	—	Stock	1,40,000	1,00,000
Loan from Bank	1,60,000	2,00,000	Sundry debtors	1,20,000	2,00,000
			Cash	40,000	28,000
	9,20,000	9,88,000		9,20,000	9,88,000

Additional Information: A Machine costing Rs.40,000 (accumulated depreciation Rs.12,000) was sold for Rs.20,000. The Provision for depreciation on 31.12.02 was Rs.1,00,000 and on 31.12.03. Rs.1,60,000. The net profit for the year 2003 was Rs.1,80,000.

23. A firm expects to have Rs.30,000 on 1st May 2018 and requires you to prepare an estimate of the cash position during the 3 months May to July 2018. The following information is supplied to you:

Months	Sales	Purchases	Wages	Factory Expenses	Office Expenses	Selling Expenses
March	40,000	24,000	6,000	3,000	4,000	3,000
April	46,000	28,000	6,500	3,500	4,000	3,500
May	50,000	32,000	6,500	4,000	4,000	3,500
June	72,000	36,000	7,000	4,000	4,000	4,000
July	84,000	40,000	7,250	4,250	4,000	4,000

Other Information:

(i) 25% of the sales is for cash, remaining amount is collected in the month following that of sale

(ii) Suppliers supply goods at two months credit

(iii) Delay in payment of wages and all expenses : One month

(iv) Income tax of Rs.10,000 is due to be paid in July

(v) Preference share divided of 10% on Rs.1,00,000 is to be paid in May.

24. You are given the following data for the year 2017 of the company:

		Rs.
Variable cost	-	6,00,000
Fixed Cost	-	3,00,000
Profit	-	1,00,000
Sales	-	10,00,000

Find:

(i) P/v Ratio

(ii) Break-even point

(iii) Profit when sales amounted to Rs.12,00,000

(iv) Sales required to earn a profit of Rs.2,00,000