

B.Com DEGREE EXAMINATION, APRIL 2019
III Year V Semester
Management Accounting

Time : 3 Hours

Max.marks :75

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

Answer any **TEN** questions

1. Define Management Accounting.
2. Give any two limitations of management accounting.
3. What are comparative financial statements?
4. What is trend analysis?
5. What is liquidity ratio?
6. Write a short note on ROI.
7. What are funds from operation?
8. What are current assets?
9. Define capital budgeting.
10. Give any two limitations of payback period.
11. A project cost Rs. 100000 and yields an annual cash inflow of Rs. 20000 for 7 years. Calculate payback period.
12. From the following P&L A/c. calculate cash from operation.

Particulars	Rs.	Particulars	Rs.
To salary	2000	By gross profit	5000
To depreciation	1000	By profit on sale of building	5000
To loss on sale of furniture	500		
To good will	1000		
To net profit	5500		
Total	10000		10000

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

Answer any **FIVE** questions

13. Explain the functions of management accounting.
14. Explain the limitations of ratio analysis.

15. Debtors velocity 3 months , gross profit Rs. 400000, stock velocity 1.5 times, bills receivables Rs. 25000, gross profit ratio 25%, closing stock is 20% more than the opening stock. Calculate :

- (a) Debtors
(b) Closing stock

16. From the following balance sheet, prepare a cash flow statement.

Balance sheet

Liabilities	2006 (Rs.)	2007 (Rs.)	Assets	2006 (Rs.)	2007 (Rs.)
Share capital	200000	200000	Cash	70000	68000
Creditors	70000	80000	Debtors	35000	90000
P&L A/c	40000	60000	Stock	100000	92000
General reserve	25000	40000	Land	160000	180000
			Less: Depreciation	30000	50000
	3,35,000	380000		3,35,000	380000

17. From the following information, prepare a cash budget for the period from January to April.

	Expected sales	Expected purchase
January	60000	48000
February	40000	45000
March	45000	31000
April	40000	40000

18. You are given the following data for the year 2009 of a company:

	Rs.
Variable cost	600000
Fixed cost	300000
Net profit	100000
sales	1000000

Find:

- (a) P.V.Ratio
(b) B.E.P
(c) Profit when sales is Rs. 1200000 and
(d) Required sales (in Rupees) to earn a profit of Rs. 200000
19. From the following information show the results of operations of a manufacturing concern using trend percentages.

Year	(Rs.000)
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	2001	2002	2003	2004
Sales (net)	1300	1200	950	1000
Cost of goods sold	728	696	589	600
Gross profit	572	504	361	400
Total selling expenses	120	110	97	100
Net operating profit	452	394	264	300

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

Answer any **TWO** questions

20. From the following details prepare statement of proprietary funds with as many details as possible.

- (i) Stock velocity = 6
- (ii) Capital turnover ratio = 2
- (iii) Fixed asset turnover ratio = 4
- (iv) Gross profit turnover ratio = 20%
- (v) Debtors velocity = 2 months
- (vi) Creditors velocity = 73 days

The gross profit was Rs. 60000. Reserves and surplus amount to Rs. 20000. Closing stock was Rs. 5000 in excess of opening stock.

21. Malar Ltd. Furnish you the following balance sheet for the years ending 31st December 1985-86. You are required to prepare a cash flow statement for the year ended 31-12-86.

Balance sheet

Liabilities	1985 (Rs.)	1986 (Rs.)	Assets	1985 (Rs.)	1986 (Rs.)
Equity share capital	20000	20000	Good will	2400	2400
General reserve	2800	3600	Land	8000	7200
Profit & loss account	3200	2600	Building	7400	7200
Sundry creditors	1600	1080	Investments	2000	2200
Outstanding expenses	240	160	Inventories	6000	4680
Provision for tax	3200	3600	A/c receivables	4000	4440
Provision for bad debts	80	120	Bank balance	1320	3040
	31120	31160		31120	31160

Following additional information has been supplied

- (i) A piece of land has also been sold for Rs. 800
- (ii) Depreciation amounting to Rs. 1400 has been charged on building

(iii) Provision for taxation has been made for Rs. 3800 during the year.

22. The cost of an article at a capacity level of 5000 units is given under A below. For a variation of 25% in capacity above or below this level, the individual expenses vary as individual under B below:

particulars	A	B
Material cost	25000	(100% variable)
Labour cost	15000	(100% variable)
Power	1250	(80% variable)
Repairs	2000	(75% variable)
Stores	1000	(100% variable)
Inspection	500	(20% variable)
Depreciation	10000	(100% variable)
Administration overheads	5000	(25% variable)
Selling overheads	3000	(25% variable)
Total	62750	

Cost per unit Rs. 12 .55

Find the unit cost of the product at production level of 4000 units and 6000 units.

23. Distinction between Financial Accounting and Management Accounting.