

B.Com. DEGREE EXAMINATION, APRIL 2020
III Year V Semester
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. What is vertical analysis?
3. How do you show the following items in a comparative income statement?

Particulars	31-3-2015(Rs.)	31-3-2016(Rs.)
Sales	10,00,000	12,00,000
Cost of sales	8,00,000	10,50,000

4. What are the various types of budgets?
5. What is budgetary control?
6. Define ratio.
7. Find out operating ratio and operating profit ratio.
 Cost of goods sold Rs.1,80,000; Other operating expenses Rs.30,000, Net sales Rs.3,00,000.
8. Find out Earnings per share (EPS) from the following: Net profit after tax Rs.2,00,000: 10% preference share capital Rs.4,00,000: Equity share capital(Rs.100 each) Rs.10,00,000.
9. Explain the meaning of 'Funds'.
10. Find out the Net cash from investing activities from the following details.
 Sale of fixed assets Rs.2,00,000; purchase of fixed assets Rs.1,00,000; issue of shares for cash Rs.2,00,000.
11. Prepare production budget for the quarter ending 31st March 2017.
 Budgeted sales for the quarter 40,000 tons: Stock on 31st December 2016 – 8,000 tons: required stock on 31st March 2017 – 10,000 tons.
12. What is cost volume profit analysis?

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

Answer any **FIVE** questions

13. Explain the scope of management accounting.

14. Prepare a comparative income statement of Win Travels Ltd for the years ending 31st March 2016 and 2017 from the following.

Particulars	31st March 2016(Rs.)	31st March 2017(Rs.)
Purchases less returns	80,000	1,50,000
Other direct expenses	20,000	50,000
Sales	1,80,000	2,60,000
Office expenses	20,000	25,000
Selling expenses	10,000	15,000
Finance expenses	10,000	8,000
Profit	40,000	12,000

15. The standard material required to manufacture one unit of product 'X' is 10 kg and the standard price per kg. of material is Rs.2.50. The cost accounts records, however reveal that 11,500 kgs of material costing Rs.27,600 was used for manufacturing 1,000 units of product 'X'. Calculate material variances.
16. From the following information, prepare a Balance sheet. Give the workings also. Working capital – Rs.75,000; Reserve and surplus – Rs.1,00,000; Bank overdraft – Rs.60,000; Current ratio – 1.75; Liquid ratio – 1.15; Fixed assets to Proprietor's funds – 0.75; Long term liabilities – Nil.
17. The profit and loss account of a company for the years ending 31-3-2017 and 31-3-2018 showed a balance of Rs.20,000 and Rs.30,000 respectively. For the year ending 31-3-2018, provision for dividend was made to the extent of Rs.50,000. Transfer to reserve amounted to Rs.40,000, depreciation written off was Rs.25,000, loss on sale of old machinery amounting to Rs.5,000 was debited to profit and loss account, sale of investment resulted in a profit of Rs.3,000 which was taken to profit and loss account. Sale of furniture resulted in a profit of Rs.3,000 which was also taken to profit and loss account, a commission of Rs.4,000 received on a non-trading activity was credited to profit and loss account. You are required to calculate funds from operations.
18. From the following details calculate the cash from operations for the year 2014.

	31-12-2015(Rs.)	31-12-2016(Rs.)
Good will	50,000	40,000
Provision for depreciation	75,000	80,000
P & L A/c balance (cr)	50,000	75,000
Bills receivable	45,000	35,000
Outstanding salaries	10,000	4,000
Prepaid insurance	3,000	3,500
Debtors	45,000	35,000

19. The following budget estimates are available from a factory working at 50% of its capacity.

	Rs.
Variable expenses	60,000
Semi variable expenses	20,000
Fixed expenses	10,000

Prepare a budget for 75% of the capacity assuming that semi-variable expenses increase by 10% for every 25%.

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

Answer any **TWO** questions

20. From the following data, you are required to calculate the trend percentages taking 2015 as base year.

	(Rs.in '000s)			
	2015	2016	2017	2018
Cash	100	120	80	140
Debtors	200	250	325	400
Stock-in-trade	300	400	350	500
Other current assets	50	75	125	150
Land	400	500	500	500
Building	800	1,000	1,200	1,500
Plant	1,000	1,000	1,200	1,500
	2,850	3,345	3,780	4,690

21. The following figures relate to the trading activities of a company for the year ended 31.12.1987.

Sales	1,00,000	Salary of salesman	1,800
Purchases	70,000	Advertising	700
Closing stock	14,000	Travelling expenses	500
Sales return	4,000	Salaries(office)	3,000
Dividend received	1,200	Rent	6,000
Profit on sale of fixed assets	600	Stationery	200
Loss on sale of shares	300	Depreciation	1,000
Opening stock	11,000	other expenses	2,000
Provision for tax	7,000		

You are required to calculate (i) Gross profit ratio (ii) Operating Profit ratio (iii) Operating ratio (iv) Net profit ratio

22. From the following Balance sheets of 'A' Ltd., as on 31st December 2015 and 2016 you are required to prepare. i) Schedule of changes in working capital ii) Funds flow statement.

Liabilities	2015(Rs.)	2016(Rs.)	Assets	2015(Rs.)	2016(Rs.)
Share capital	1,00,000	1,00,000	Goodwill	12,000	12,000
General reserve	14,000	18,000	Building	40,000	36,000
P & L A/c	16,000	13,000	Plant	37,000	36,000
Creditors	8,000	5,400	Investments	10,000	11,000
B/P	1,200	800	Debtors	18,000	19,000
Provision for taxation	16,000	18,000	Stock	30,000	23,400
Provision for doubtful debts	400	600	B/R	2,000	3,200
			Cash at Bank	6,600	15,200
	1,55,600	1,55,800		1,55,600	1,55,800

Additional information is given:

- Depreciation- plant Rs.4,000; Building Rs.4,000.
- Provision for taxation of Rs.19,000 was made during the year 2016.
- Interim dividend of Rs.8,000 was paid during the year 2016.

23. Summarized below are the Income and Expenditure forecasts of GEMINI LTD. For the months of March to August, 2015.

Month	Sales (all credit)	Purchases (all credit)	Wages	Manufacturing expenses	Office expenses	Selling expenses
March	60,000	36,000	9,000	4,000	2,000	4,000
April	62,000	38,000	8,000	3,000	1,500	5,000
May	64,000	33,000	10,000	4,500	2,500	4,500
June	58,000	35,000	8,500	3,500	2,000	3,500
July	56,000	39,000	9,500	4,000	1,000	4,500
August	60,000	34,000	8,000	3,000	1,500	4,500

You are given the following information:

- Plant costing Rs.16, 000 is due for delivery in July payable 10% delivery and the balance after three months.
- Advance tax of Rs.8,000 is payable in March and June each
- Period of credit allowed (i) by suppliers 2 months and (ii) to customers 1 month
- Lag in payment of manufacturing expenses $\frac{1}{2}$ month.
- Lag in payment of all other expenses 1 month.

You are required to prepare a cash budget for three months starting on 1st May 2015 when there was a cash balance of Rs.8,000.