B.Com(A&F) DEGREE EXAMINATION,APRIL 2020
III Year VI 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. Calculate trend ratio for sales of the company: 1994 – Rs.180000; 1995-Rs.230000; 1996 - Rs.265000; 1997- Rs.302000; 1998 - Rs.376000
3. What is ratio analysis?
4. Calculate current assets and current liabilities: current ratio :2.5; working capital Rs.6000.
5. Mention any two uses of fund flow statement.
6. Current assets are Rs.600000; Current liabilities are Rs.300000. The debtors realized Rs.40000. Its impact on working capital would be.
7. If net operating profit of a business is Rs.180000 and the debtors have decreased during the year by Rs.60000. calculate cash from operations.
8. Define Budgetary Control.
9. From the following, prepare a production budget for a product for the year ended June 30 1987: Sales as per sales budget in units: 150000; Estimated stock on July 1 1986 :14000; June 30 1987 : 15000.
10. What is capital budgeting?
11. Cost of Project Rs.600000, annual net cash inflows Rs.120000. Find out the pay back period of the project.
12. Total cash flow after tax before depreciation for 5 years are Rs.91600 and total depreciation amount to Rs.64000. Initial investment is Rs.60000. Calculate average rate of return.

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

Answer any **FIVE** questions

13. Give the difference between Cost accounting and Management accounting.

14. The following figures relate to the activities of S Ltd., for the year ending 31 December 1999. Prepare common size statement

Particulars	Amount (Rs.)
Sales (Net)	1600000
Cost of goods sold	720000
Administrative expenses	
Salaries	174000
Rent and rates	24000
Postage and telegrams	10000
Stationery	74000
Selling and distribution expenses:	
Salesmen salaries	36000
Advertising	12000
Sales commission	15000
Discount on sales	4000
Non-operating expenses:	
Interest	10000
Loss on sale of building	22000
Non-operating income:	
Gain on sale of investments	20000

15. Calculate stock turnover ratio from the following. Opening stock Rs.29000; closing stock Rs.31000; sales Rs.300000; gross profit 25% on cost.

16. How does cash flow statement differ from fund flow statement?

17. From the following particulars, calculate net profit and cash from operations: opening stock Rs.30000; purchases Rs.90000; sales Rs.160000; expenses Rs.25000; closing stock Rs.35000

18. A company manufactures two products A and B. A forecast for the number of units to be sold in the first four months of the year is given.

	Product A (Units)	Product B (Units)
January	3000	6000
February	3400	6000
March	4200	5200
April	5000	4400

It is anticipated that (i) there will no work-in-progress at the end of any month and (ii) finished units equal to half the sales for the next month will be in stock at the end of each month (including previous December). Prepare for the three months ending March 31, a production budget for each month.

19. No project is acceptable unless the yield is 10%. Cash inflows of a certain project along with cash outflows are given below calculate net present value:

Year	Outflows Rs.	Inflows Rs.
0	150000	-
1	30000	20000
2	-	30000
3	-	60000
4	-	80000
5	-	70000

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

Answer any **TWO** questions

20. Prepare the balance sheet from the following ratios:

    Current ratio 2.5; total assets/net worth 3.5; sales/fixed assets 6; sales/current assets 8; sales/inventory 15; sales/debtors 18; annual sales Rs.2500000

21. The balance sheet of AB and Co. Ltd., at the end of 1968 and 1969 are given below.

Liabilities	1968 (Rs.)	1969 (Rs.)	Assets	1968 (Rs.)	1969 (Rs.)
Share capital	100000	150000	Freehold land	100000	100000
Share premium	-	5000	Plant at cost	104000	100000
General reserve	50000	60000	Furniture at cost	7000	9000
P&L a/c	10000	17000	Investments at cost	60000	80000
6% Debentures	70000	50000	Debtors	30000	70000
Provision for depreciation on plant	50000	56000	Stock	60000	65000
Provision for depreciation on furniture	5000	6000	Cash	30000	45000
Provision for taxation	20000	30000			
Creditors	86000	95000			
	391000	469000		391000	469000

Additional information: (i) Plant purchased for Rs.4000 (depreciation Rs.2000) was sold for cash Rs.800 on 30.9.1969. (ii) on 30th June 1969, an item of furniture was purchased for Rs.2000. These were the only transactions concerning fixed assets during 1969. (iii) Depreciation on plant was provided at 8% on cost (the sold out item is not taken into consideration) and furniture at 12.5% on average cost. (iv) A dividend of 22.5% on original shares was paid. You are required to prepare funds flow statement.

22. ABC company Ltd., has given the following particulars. You are required to prepare a cash budget for the three months ending 31.12.1999

Months	Sales Rs.	Materials Rs.	Wages Rs.	Overheads Rs.
August	20000	10200	3800	1900
September	21000	10000	3800	2100
October	23000	9800	4000	2300
November	25000	10000	4200	2400
December	30000	10800	4500	2500

Credit terms are: sales/debtors – 10% sales are on cash basis, 50% of the credit sales are collected next month and the balance in the following month. Creditors: materials 2 months; wages 1/5 month; overheads $\frac{1}{2}$ month Cash balance on 1.10.1999 is expected to be Rs.8000 A machinery will be installed in August 1999 at cost of Rs.100000. The monthly instalment of Rs.5000 payable from October onwards.

23. A trading company Ltd., proposes to increase the production of the company. They are willing to purchase a new machine. There are three types in the market. The following are the details regarding them:

	Type P Rs.	Type Q Rs.	Type R Rs.
Cost of machine	17500	12500	9000
Estimated savings in scrap	400	750	250
Wages per operative	250	300	250
Cost of indirect materials	-	400	-
Estimated savings in indirect materials	100	-	250
Additional cost of supervision	-	800	-
Additional cost of maintenance	750	550	500
Operatives not required (number)	11	20	9
Estimated life of machine (in years)	10	6	5

Taxation at 50% of the profit. You are required to advise the management as to which type of the machine should be purchased.