

Reg. No. :

Name :

Sixth Semester B.Com. Degree Examination, March 2020

First Degree Programme under CBCSS

Core Course : CO 1643/CX 1643/TT 1643/HM 1643/CC 1642

MANAGEMENT ACCOUNTING

**(Common for Commerce/Commerce and Tax Procedure and Practice/
Commerce and Tourism and Travel Management/ Commerce and Hotel
Management and Catering/ Commerce with Computer Applications)**

(2013 Admission onwards)

Time : 3 Hours

Max. Marks : 80

SECTION – A

Answer **all** questions. **Each** question carries **1** mark.

1. Define management accounting.
2. State any two differences between management accounting and cost accounting.
3. What is a common size balance sheet?
4. Define accounting ratio.
5. What is meant by internal analysis?
6. What is a cash flow statement?
7. State the meaning of 'fund'.
8. What is debt service coverage ratio?
9. List any two objectives of reporting.
10. What is price earnings ratio?

(10 × 1 = 10 Marks)

SECTION – B

Answer **any eight** questions. **Each** question carries **2** marks.

11. Explain briefly limitations of ratio analysis.
12. How do you ascertain funds from operations?
13. What is trend analysis?
14. Explain briefly operating ratios.
15. State any four uses of preparing cash flow statement.
16. What is rolling budget?
17. What are the forms of reporting?
18. From the following data find out current assets.
Current ratio 2; Working capital Rs. 2,00,000; Liquid ratio 1.
19. From the following information find out closing stock and opening stock.
Average stock Rs. 50,000; Opening stock is Rs. 10,000 more than closing stock.
20. Calculate operating profit ratio.
Cost of goods sold Rs. 10,50,000; Administration expenses Rs. 1,10,000; Selling and distribution expenses Rs. 1,00,000; Expenses of financing Rs. 20,000; Net sales Rs. 18,00,000.
21. Calculate fund from operations.
Current year profit Rs. 50,000; Depreciation on Plant and Machinery Rs. 15,000; Profit on sale of machinery Rs. 10,000.
22. Prepare a common-size statement from the following data :
Total Liabilities Rs. 25,00,000; Equity share capital Rs. 15,00,000; General reserve Rs. 2,50,000; Debentures Rs. 5,00,000; Current liabilities Rs. 2,50,000.
(8 × 2 = 16 Marks)

SECTION – C

Answer **any six** questions. **Each** question carries **4** marks.

23. Explain the various functions of management accounting.
24. Distinguish between funds flow analysis and cash flow analysis.
25. Explain briefly the tools of financial statement analysis.
26. From the following figures calculate creditors turnover ratio and average debt payment period in months :

	Rs.
Credit purchases during 2019	1,05,000
Purchase returns	5,000
Creditors on 1.1.2019	20,000
Creditors on 31.12.2019	10,000
Bills payable 1.1.2019	4,000
Bills payable	6,000

27. From the following details prepare a schedule of changes in working capital during 2019 :

Liabilities	2018 Rs.	2019 Rs.	2018 Rs.	2019 Rs.
Share capital	5,00,000	6,00,000		
Reserves	1,50,000	1,80,000		
Profit and Loss A/c	40,000	65,000		

Liabilities	2018 Rs.	2019 Rs.	2018 Rs.	2019 Rs.
Debentures	3,00,000	2,50,000		
Creditors for goods	1,70,000	1,60,000		
Provision for tax	60,000	80,000		
Assets :				
Fixed assets			10,00,000	11,20,000
Less : Depreciation			<u>3,70,000</u>	<u>4,60,000</u>
			6,30,000	6,60,000
Stock			2,40,000	3,70,000
Book debts			2,50,000	2,30,000
Cash in hand			80,000	60,000
Preliminary expenses			<u>20,000</u>	<u>15,000</u>
	<u>12,20,000</u>	<u>13,35,000</u>	<u>12,20,000</u>	<u>13,35,000</u>

28. Calculate trend ratios from the following figures of Mars Ltd. taking 2014 as the base.

Year	2014	2015	2016	2017	2018	2019
Sales (Rs.in lakhs)	1881	2340	2655	3021	3768	3950
Profit (Rs.in lakhs)	321	435	458	527	672	690

29. From the following information, calculate

- (a) Sales
- (b) Closing stock
- (c) Sundry creditors
- (d) Sundry debtors :

Gross Profit ratio	:	15%
Debtors velocity	:	3 months
Stock velocity	:	6 months
Creditors velocity	:	3 months

Gross profit for the year ending December 31st 2019 was Rs. 60,000. Closing stock is equal to opening stock.

30. From the following income statement of Z Ltd. Prepare a comparative income statement.

	31.03.2018 (Rs. in lakhs)	31.03.2019 (Rs. in lakhs)
Net sales	1370	1442
Cost of goods sold	838	926
Gross Profit	532	516
Operating expenses :		
Administrative expenses	94	92
Selling expenses	188	182
Operating profit	250	242

31. From the following data prepare a flexible budget for production of 40,000 units of Product X, distinctly showing variable and fixed cost as well as total cost.

Budgeted output and budgeted cost per unit

Budgeted output : 1,00,000

Cost per unit

Direct material	90
Direct labour	45
Direct variable expenses	10
Manufacturing variable overhead	40
Fixed production overhead	5
Administration overhead (fixed)	5
Selling overhead	10 (10% fixed)
Distribution overhead	15 (20% fixed)

(6 × 4 = 24 Marks)

SECTION - D

Answer **any two** questions. **Each** question carries **15** marks.

32. What is reporting? What are the general principles to be observed while preparing reports? What are the requisites of a good report?
33. Tech Kerala Ltd. commences business on 1st April, 2019 and deposits Rs. 1,00,000 in Travancore Bank. The amount deposited would not be sufficient to finance its operations over a period of four months. As a Finance Officer, you are asked to prepare a cash budget from 1st April, 2019 to 31st July, 2019 to ascertain the monthly overdraft limits to seek from the company's bankers.

Requisite data is as under :

- (a) Sales are made to one distributor only on 30 days terms, 2% discount and cheques are received on the first date following the due date.
- (b) Furniture purchases for Rs. 10,000 preferred to be made in April, 2019.
- (c) Budget figures are :

Particulars	April	May	June	July
Purchases	50,000	40,000	30,000	40,000
Wages	40,000	50,000	40,000	40,000
Cash expenses	4,000	5,000	4,000	4,000
Sales	60,000	70,000	80,000	80,000

All purchases are made on net 30 days' terms and cheques are posted to creditors on last day of the month due.

34. The summarized Balance Sheet of Sun Rise Ltd. for the year ended 31.3.2019 is given below :

Capital and Liabilities	Rs. lakhs	Assets	Rs.lakhs
Equity share capital	140	Fixed assets (at cost)	210
Reserves and surplus	45	Less : Depreciation	<u>25</u>
Profit and loss account	20		185
Provision for taxation	10	Current assets:	
Sundry creditors	40	Stock	25
		Debtors	30
		Cash	<u>15</u>
	<u>255</u>		<u>255</u>

The following further particulars are also given for the year

	Rs. lakhs
Sales	120
EBIT	30
Net profit after tax (PAT)	20

Calculate the following Ratios for the company :

- (a) Current ratio
- (b) Liquidity ratio
- (c) Profitability ratio
- (d) Profitability on funds employed
- (e) Debtors' turnover
- (f) Stock turnover
- (g) Average collection period
- (h) Return on equity

35. From the following balance sheets and additional information, prepare

- (a) Schedule of changes in working capital and
- (b) Statement of sources and application of funds as on 31.03.2019.

Liabilities	31.03.2018	31.03.2019	31.03.2018	31.03.2019
	Rs.	Rs.	Rs.	Rs.
Equity share capital	3,00,000	3,50,000		
Preference share capital	2,00,000	1,00,000		
Debentures	1,00,000	2,00,000		
Profit & Loss a/c	1,10,000	2,70,000		
Provision for doubtful debts	10,000	15,000		
Current liabilities	70,000	1,45,000		
Assets				
Fixed assets (net)			5,10,000	6,20,000
Investments			30,000	80,000
Current assets			2,40,000	3,75,000
Discount on debentures			10,000	5,000
	<u>7,90,000</u>	<u>10,80,000</u>	<u>7,90,000</u>	<u>10,80,000</u>

You are informed that during the year :

- (i) A machine costing Rs. 70,000 (book value Rs. 40,000) was disposed of for Rs. 25,000.
- (ii) Preference share redemption was carried out at a premium of 5%.
- (iii) Dividend at 15% was paid on equity shares for the year 2019.

Further :

- (1) The provision for depreciation stood at Rs. 1,50,000 on 31.03.2018 and at Rs. 1,90,000 on 31.03.2019.
- (2) Stock which was valued at Rs. 90,000 as on 31.03.2018 was written up to its cost Rs. 1,00,000 for preparing the Profit and Loss account for 2019.

(2 × 15 = 30 Marks)

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