

Reg. No. :

Name :

**Eighth Semester B.Com. LL.B. (Five Year Integrated) Degree Examination,
September 2021**

MANAGEMENT ACCOUNTING

Time : 3 Hours

Max. Marks : 80

SECTION – A

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

1. What is Management Accounting?
2. What is Cash flow statement?
3. What is the meaning of Fund?
4. What is P/E ratio?
5. What is flexible budget?
6. What is Vertical Analysis?
7. The current liability of a company is Rs 30,000. If current ratio is 3:1 and quick ratio is 1:1, calculate the value of stock in trade?

(5 × 2 = 10 Marks)

SECTION – B

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

8. What are the objectives of Management Accounting?
9. State the general principles of a management reporting system.

P.T.O.

10. The net profit (after taxes) of a firm is Rs 75,000 and its fixed interest charges on long term borrowings are Rs 10,000. The rate of income tax is 50%. Calculate interest coverage ratio.

11. Calculate current assets and current liabilities from the following information :

Current ratio –2.3

Working capital – Rs. 90,000

12. Calculate fund from operation from the following information.

Depreciation – Rs. 40,000

Loss on sale of building – Rs. 10,000

Advertisement suspense a/c – Rs. 5,000

Discount allowed Rs.500

Discount on issue of shares written off Rs.500

Goodwill written off Rs.12,000

Gain from sale of plant Rs. 20,000

Net profit for the year Rs. 52,000.

(4 × 4 = 16 Marks)

SECTION – C

Answer **any four** questions. Each question carries **6** marks.

13. Distinguish between fund flow statement and cash flow statement.

14. What are the essentials of a budgetary control system?

15. Calculate the trend percentages from the following figures (in lakhs) of X Ltd taking 2013 as the base year.

Year	Sales	Stock	Profit
2013	1881	709	321
2014	2340	781	435
2015	2655	816	458
2016	3021	944	527
2017	3768	1154	672

16. Prepare a schedule of changes in working capital from the following balance sheet given below :

Liabilities	2016 Rs.	2017 Rs.	Assets	2016 Rs.	2017 Rs.
Share capital	2,00,000	2,50,000	Land and buildings	2,00,000	1,90,000
General reserve	50,000	60,000	Plant	1,50,000	1,74,000
Profit and loss a/c	30,500	30,600	Stock	1,00,000	74,000
Bank loan (short term)	70,000	—	Debtors	80,000	64,200
Creditors	150,000	1,35,200	Cash	500	600
Provision for tax	30,000	35,000	Bank	—	8,000
Total	<u>5,30,500</u>	<u>5,10,800</u>	Total	<u>5,30,500</u>	<u>5,10,800</u>

17. A company is expected to have Rs 32,000 cash in hand on 01-04-2017 and it requests you to prepare a cash budget for the three, April to June, 2017. The following information is supplied to you.

Month	Sales	Purchases	Wages	Expenses
February	70,000	44,000	6,000	5,000
March	80,000	56,000	9,000	6,000
April	96,000	60,000	9,000	7,000
May	1,00,000	68,000	11,000	9,000
June	1,20,000	62,000	14,000	9,000

Other information:

- (a) Period of credit allowed by suppliers is two months
- (b) 25% of sales is for cash and the period of credit allowed to customers is for credit sales is one month
- (c) Delay in payment of wages and expense is one month
- (d) Income tax Rs 28,000 is to be paid in June 2017.

(4 × 6 = 24 Marks)

SECTION – D

Answer **any three** questions. Each question carries **10** marks.

18. From the following information, prepare a cost sheet for the year ended 31-12-2017.

Liabilities	2016	2017	Assets	2016	2017
	Rs.	Rs.		Rs.	Rs.
Share capital	6,00,000	8,00,000	Plant and		
Debenture	2,00,000	3,00,000	Machinery	4,00,000	6,45,000
Profit and Loss a/c	1,25,000	2,50,000	Land and Building	3,00,000	4,00,000
Creditors	1,15,000	90,000	Stock	3,00,000	3,50,000
Provision for bad			Bank	20,000	40,000
and doubtful debts	6,000	3,000	Preliminary		
Provision for depreciation on			expenses	7,000	6,000
land and building	20,000	24,000	Debtors	69,000	61,000
On plant and machinery	30,000	35,000			
Total	10,96,000	15,02,000	Total	10,96,000	15,02,000

Additional information:

- (a) During the year, a part of machinery costing Rs 70,000 (accumulated depreciation Rs 2,000) was sold for Rs 6,000.
- (b) Dividends of Rs 50,000 were paid during the year

You are required to prepare statement of changes in working capital and fund flow statement.

19. Using the following details, prepare bank sheet of Kamini Ltd.

- (a) Current ratio –2.75
- (b) Acid test ratio –2.25
- (c) Working capital – Rs 7,00,000
- (d) Reserves an surplus – Rs 1,00,000
- (e) Total current assets included stock, debtors and cash only, which are in the ration of 2:6:3
- (f) Total current liabilities included creditors and bills payables in the ration of 3:2
- (g) Fixed assets are 50% of share capital
- (h) The share capital is Rs 1,200,000. There are no other items of assets or liabilities.

20. The expenses for the production of 5000 units in a factory are given as follows:

Particulars	Per unit
Materials	50
Labour	20
Variable overheads	15
Fixed overheads (Rs 50000)	10
Administrative expenses (5% variable)	10

Selling expenses (20% fixed)	6
Distribution expenses (10% fixed)	5
Total cost of sales per unit	<u>116</u>

You are required to prepare a budget for the production of 7000 units.

21. Describe the tools and techniques of Management Accounting.

(3 × 10 = 30 Marks)
