

Reg. No. :

Name :

**Eighth Semester B.Com. LL.B. (Five Year Integrated)
Degree Examination, July 2024**

Paper VI – MANAGEMENT ACCOUNTING

(2013–2019 Admission)

Time : 3 Hours

Max. Marks : 80

PART – A

Answer any five questions. Each question carries 2 marks.

1. Define management accounting.
2. What is horizontal analysis?
3. Define fund flow statement.
4. What is a budget?
5. What are liquidity ratios?
6. What are comparative financial statements?
7. What is EPS?

(5 × 2 = 10 Marks)

PART – B

Answer any four questions. Each question carries 4 marks.

8. State the various objectives of management accounting.
9. Discuss the components and significance of debt – equity ratio.

10. Calculate stock turnover ratio from the following:

| | |
|-----------------------|----------|
| | Rs. |
| Opening Stock | 45,000 |
| Purchases | 1,43,000 |
| Carriage on purchases | 7,000 |
| Sales | 2,80,000 |
| Closing Stock | 35,000 |

11. Calculate fund from operation from the following:

| | | | |
|-------------------------|-------------------|-------------|--------|
| | Profit / Loss A/c | | |
| To Salaries | 6,000 | By G/P | 1,000 |
| To Rent | 1,500 | By Rent | 5,300 |
| To Depreciation | 2,000 | By Interest | 3,700 |
| To Preliminary Expenses | 1,000 | By Net Loss | 4,500 |
| To Loss on sale of land | 4,000 | | |
| | 14,500 | | 14,500 |

12. Following information is given.

(a) Current ratio = 2.5

(b) Working Capital = Rs.90,000

Find out: (i) Current Assets, and (ii) Current Liabilities

(4 × 4 = 16 Marks)

PART - C

Answer any four questions. Each question carries 6 marks.

13. What are the essential characteristics of a good report?

14. State the differences between management accounting and cost accounting.

15. The sale director of a manufacturing company reports that next year he expects to sell 80,000 units of a particular product. The production department gives the following figures:

Two kinds of raw materials A and B are required for manufacturing the product. Each product requires 4 units of material A and 3 units of material B. The estimated opening balances next year will be:

Finished product – 20,000 units, Material A – 24,000 units, Material B – 40,000 units
The desirable closing balances at the end of the year are:

Finished product – 32,000 units, Material A – 28,000 units, Material B – 30,000 units. Prepare a materials purchase budget.

16. Calculate average collection period from the following:

| | |
|--------------------------------------|---------|
| Total sales | 132,000 |
| Cash sales (included in total sales) | 24,000 |
| Sales returns | 8,000 |
| Total debtors at the end of the year | 16,000 |
| Bills receivable | 4,000 |
| Bad debts provision | 3,000 |
| Creditors at the end of the year | 15,000 |
| Take 360 days in a year | |

17. Prepare a schedule of changes in working capital from the following Balance Sheet of AMC Co. Ltd.

| Liabilities | 2020 | 2019 | Assets | 2020 | 2019 |
|----------------------|-----------------|-----------------|--------------------|-----------------|-----------------|
| Capital | 110,000 | 80,000 | Land and Buildings | 1,10,000 | 75,000 |
| Long-term Borrowings | 52,000 | 40,000 | Furniture | 20,000 | 25,000 |
| Trade Creditors | 29,000 | 34,000 | Stock-in-trade | 58,000 | 43,000 |
| Bank Overdraft | 35,000 | 25,000 | Debtors | 27,000 | 30,000 |
| Outstanding Expenses | 7,000 | 6,000 | Cash | 18,000 | 12,000 |
| | <u>2,33,000</u> | <u>1,85,000</u> | | <u>2,33,000</u> | <u>1,85,000</u> |

(4 × 6 = 24 Marks)

PART – D

Answer any three questions. Each question carries 10 marks.

18. "Management accounting has been evolved to meet the needs of management". Explain.

19. From the following prepare common size income statement:

| Particulars | 2019 | 2020 |
|----------------------------|-----------|-----------|
| Revenue from operations | 15,00,000 | 20,00,000 |
| Other income | 50,000 | 1,75,000 |
| Cost of materials consumed | 6,00,000 | 9,00,000 |
| Employee benefit expenses | 2,30,000 | 3,60,000 |
| Tax | 2,00,000 | 2,50,000 |
| Depreciation | 70,000 | 1,50,000 |

20. ABC Ltd. Wishes to prepare a cash budget from April to June 2020. Prepare a cash budget from the following information. (Amounts in Rupees)

| | Sales | Purchases | Wages | Expenses |
|----------|----------|-----------|--------|----------|
| February | 80,000 | 56,000 | 7,000 | 6,000 |
| March | 90,000 | 68,000 | 9,000 | 7,000 |
| April | 98,000 | 74,000 | 11,000 | 9,000 |
| May | 1,14,000 | 70,000 | 12,000 | 9,000 |
| June | 1,30,000 | 76,000 | 14,000 | 11,000 |

- (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 for credit sales is one month.
 (c) Delay in payment of wages and expenses one month.
 (d) Income tax Rs. 33,000 is to be paid in June 2020.
 (e) Cash balance on 1st April 2020 is Rs.42,000.
21. The following details are available from M and C Ltd.

| Liabilities | 2019 | 2020 | Assets | 2019 | 2020 |
|----------------------------|-----------------|-----------------|----------|-----------------|-----------------|
| Share Capital | 90,000 | 1,00,000 | Cash | 10,000 | 8,900 |
| P/L a/c | 10,540 | 11,220 | Debtors | 16,700 | 19,400 |
| Debentures | 14,000 | 7,000 | Stock | 49,100 | 45,600 |
| Reserve for doubtful debts | 800 | 900 | Land | 37,000 | 50,000 |
| Trade Creditors | 12,460 | 13,280 | Goodwill | 15,000 | 8,500 |
| | <u>1,27,800</u> | <u>1,32,400</u> | | <u>1,27,800</u> | <u>1,32,400</u> |

In addition, you are given :

- (a) Dividend paid Rs. 4,500
 (b) Land was purchased for Rs.13,000
 (c) Amount provided for amortisation of goodwill Rs.6,500
 (d) Debentures paid off Rs.7,000

Prepare a Cash Flow Statement.

(3 × 10 = 30 Marks)