

Reg. No. :

Name :

**Eighth Semester B.Com. LL.B. (Five Year Integrated) Degree Examination,
September 2019**

Paper VI — MANAGEMENT ACCOUNTING

Time : 3 Hours

Max. Marks : 80

PART – A

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

1. What do you mean vertical analysis?
2. Name any two market test ratios.
3. What do you mean by cash budget?
4. What are formal reports?
5. Define fund flow statement.
6. What is meant by cash flow?
7. What is trend analysis?

(5 × 2 = 10 Marks)

PART – B

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

8. Explain the characteristics of management accounting.
9. Discuss various methods of reporting.

10. From the following details find out :

- (a) current assets
- (b) current liabilities
- (c) liquid assets and
- (d) stock

Current ratio	2.5
Liquid ratio	1.5
Working capital	Rs. 60,000

11. From the following P & L a/c , calculate funds from operation.

Salaries	12,000	Gross profit	94,000
Rent	5,500	Profit on sale of furniture	7,250
Printing and stationery	3,200	Interest on investment	3,750
Depreciation	11,500		
Goodwill written off	6,000		
Provision for taxation	10,000		
Loss on sale of land	3,400		
Proposed dividend	9,000		
N/P taken to B/S	44,400		
	<u>1,05,000</u>		<u>1,05,000</u>

12. A Ltd. has sold goods worth Rs. 2, 00,000 with the G/P margin of 25%. The stock at the beginning and at the end of 2016 was Rs. 28,000 and Rs. 22,000 respectively. Calculate the inventory turnover ratio. Also show inventory holding period.

(4 × 4 = 16 Marks)

PART – C

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

13. Distinguish between fund flow statement and cash flow statement
14. Briefly explain the essentials of a good report.
15. Calculate trend percentages from the following figures of ABB Ltd, taking 2012 as the base year

Year	Sales	Stock	Profit before tax (Rs. In lakhs)
2012	1800	700	300
2013	2300	780	420
2014	2600	810	450
2015	3000	950	520
2016	3800	1100	680

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

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

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

17. Prepare a schedule of changes in working capital from the following information

	31.12.2015	31.12.2016
Assets :		
Cash	30,000	47,000
Debtors	1,20,000	1,15,000
Stock	80,000	90,000
Land	50,000	66,000
	<u>2,80,000</u>	<u>3,18,000</u>
Capital and liabilities :		
Share capital	2,00,000	2,50,000
Creditors	70,000	45,000
Retained earnings	10,000	23,000
	<u>2,80,000</u>	<u>3,18,000</u>

(4 × 6 = 24 Marks)

PART – D

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

18. Prepare a fund flow statement from the following details.

	2016	2017
Cash	20,000	25,000
Account receivable	24,000	27,000
Inventories	31,000	32,000

	2016	2017
Other current assets	8,000	7,000
Fixed assets	50,000	58,000
Accumulated depreciation	21,000	25,000
Accounts payable	20,000	21,000
Long term debts	14,000	13,000
Equity capital	50,000	53,000
Retained earnings	28,000	37,000

Adjustments :

- (a) Fixed assets costing Rs. 12,000 were purchased for cash
- (b) Fixed assets (original cost Rs. 4,000 accumulated depreciation Rs. 1,500) were sold for Rs. 2,000
- (c) Depreciation for the year 2017 amounted to Rs. 5,500 and duly debited to P and L a/c
- (d) Dividend paid amounted to Rs. 3,000 in 2017,
- (e) Reported income for 2017 was Rs. 12,000.

19. From the following information, you are required to prepare a balance sheet.

Current ratio	1.75
Liquid ratio	1.25
Stock turnover ratio (cost of sales/closing stock)	9
Gross profit ratio	25%

Debtors collection period	1 $\frac{1}{2}$ months
Reserves and surplus to capital	0.2
Turnover to fixed assets (based on cost of sales)	1.2
Capital gearing ratio	0.5
Fixed asset to net worth	1.25
Sales for the year	Rs. 12, 00,000

20. Define financial analysis. Discuss various tools and techniques of financial analysis.
21. The expenses budgeted for production of 10,000 units in a factory are furnished below :

	Per unit (Rs)
Material cost	70
Labour cost	25
Variable overhead	20
Fixed overhead (Rs. 1, 00,000)	10
Variable expenses (Direct)	5
Selling expenses (20% fixed)	15
Distribution overhead (10% fixed)	10
Administration expense (Rs. 50,000)	5
Total cost of sales per unit	<u>160</u>

Prepare a budget for production of 8,000 units.

(3 × 10 = 30 Marks)