

Reg. No. :

Name :

**Eighth Semester B.Com. LL.B. (Five Year Integrated) Degree Examination,
November 2020**

Paper VI : MANAGEMENT ACCOUNTING

Time : 3 Hours

Max. Marks : 80

PART – A

Answer **any five** of the following questions. Each question carries **2** marks. Answer should not exceed **50** words each.

1. State any two objectives of management accounting.
2. What is a common size balance sheet?
3. What is debt equity ratio?
4. State any two applications of funds.
5. Give two examples of cash flows from investing activities.
6. What is budgeting?
7. Give any two requisites of a good report.

(5 × 2 = 10 Marks)

PART – B

Answer **any four** of the following questions. Each question carries **4** marks. Answer should not exceed **120** words each.

1. What are the functions of management accounting?
2. Explain comparative financial statements analysis.
3. From the following figures calculate creditors turnover ratio and average debt payment period in months :

	Rs.
Credit purchases during 2016	1,05,000
Purchase returns	5,000
Creditors on 1-1-2016	20,000
Creditors on 31-12-2016	10,000
Bills payable 1-1-2016	4,000
Bills payable	6,000

4. Karuna Ltd. reports the following data relating to accounts receivable :

Particulars	2015	2016
Average Accounts Receivable	4,20,000	4,00,000
Net Credit Sales	31,00,000	28,00,000

The terms of sale are net 30 days

- (a) Compute the accounts receivable turnover and the collection period
- (b) Evaluate the results, Assume a year has 360 days.

5. Following information is available from the books of Pleasant Ltd.

Particulars	2015	2016
	Rs.	Rs.
Profit made during the year		2,50,000
Income received in advance	600	500
Prepaid expenses	1400	1,600
Debtors	95,000	80,000
Bills receivable	20,000	25,000
Creditors	40,000	45,000
Bills payable	15,000	13,000
Outstanding expenses	2,000	2,500
Accrued income	1,200	1,500

Calculate cash from operations.

(4 × 4 = 16 Marks)

PART – C

Answer **any four** of the following questions. Each question carries six marks.

1. What are the differences between management accounting and financial accounting?
2. What are the limitations of ratio analysis?

3. From the following details prepare a statement showing changes in working capital during 2016 :

Liabilities	2015	2016
	Rs.	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
Debentures	3,00,000	2,50,000
Creditors for goods	1,70,000	1,60,000
Provision for tax	60,000	80,000
	<u>12,20,000</u>	<u>13,35,000</u>
Assets		
Fixed assets	10,00,000	11,20,000
Less: Depreciation	3,70,000	4,60,000
	<u>6,30,000</u>	<u>6,60,000</u>
Stock	2,40,000	3,70,000
Book debts	2,50,000	2,30,000
Cash in hand	80,000	60,000
Preliminary expenses	20,000	15,000
	<u>12,20,000</u>	<u>13,35,000</u>

4. Mr. Vijay owns a business and gives you the following data :

Particulars	2014-15	2015-16
	Rs.	Rs.
Sales	9,00,000	18,00,000
Gross profit	2,25,000	3,60,000
Current assets	3,00,000	4,50,000
Current liabilities	1,50,000	2,50,000

He is of the opinion that his manager Ajay is very efficient as there is an increase in profit from Rs. 2,25,000 to Rs. 3,60,000 by his efforts.

Again his current assets are increasing from Rs. 3,00,000 to Rs. 4,50,000 whereas current liabilities are increasing only by Rs. 1,00,000 and thus his short-term financial position is also becoming strong.

Do you agree with him? Give reasons for your answer.

5. 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 2016 was Rs. 60,000. Closing stock is equal to opening stock.

(4 × 6 = 24 Marks)

PART – D

Answer **any three** of the following questions. Each question carries **10** marks.

1. From the following information compute (a) Gross profit ratio, (b) Stock turnover ratio, (c) Fixed assets turnover ratio, (d) Current ratio, (e) Liquid ratio:

Sales Rs. 25,20,000; Cost of sales Rs. 19,20,000; Net profit Rs. 3,60,000; Opening stock Rs. 3,00,000; Closing stock Rs. 5,00,000; Other current assets Rs. 7,60,000; Fixed assets Rs. 14,40,000; Net worth Rs. 15,00,000; Long term debts Rs. 9,00,000; Current liabilities Rs. 6,00,000.

2. The following are the summary of cash transactions extracted from the books of Honda Ltd. :

	(Rs. 'in '000)
Balance as on 1 st April, 2015	140
Receipts from customers	11,132
Issue of shares	1,200
Sale of fixed assets	512
	<u>12,984</u>
Payments to suppliers	8,188
Payments for fixed assets	920
Payments for overheads	460
Wages and salaries	276
Taxation	972
Dividends	320
Repayment of bank loans	1,000
	<u>12,136</u>
Balance as on 31 st March, 2016	848

You are required to prepare a cash flow statement of the company for the period ended 31st March, 2016 in accordance with AS-3 by direct method.

3. From the following particulars of Yuva Ltd., you are required to prepare a comparative income statement and interpret the changes :

Particulars	2015	2016
	Rs.	Rs.
Sales	58,000	65,200
Cost of goods sold	47,600	49,200
Administration expenses	1,016	1,000
Selling expenses	1,840	1,920
Non-operating expenses	140	155
Non-operating incomes	96	644
Sales returns	2,000	1,200
Tax rate	25.75%	25.75%

4. Explain the steps in budgeting process.

(3 × 10 = 30 Marks)