

(8 pages)

Reg. No. :

Code No. : 12018 E Sub. Code : SMCO 62

B.Com. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2022.

Sixth Semester

Commerce — Core

MANAGEMENT ACCOUNTING

(For those who joined in July 2017 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Management account deals with _____ information.
(a) quantitative (b) qualitative
(c) cost (d) both (a) and (b)
2. The main use of management accounting is
(a) compulsory (b) optional
(c) obligatory (d) necessary

8. Issue of debentures for cash
(a) decrease in cash (b) no impact
(c) increase in cash (d) none of these
9. The difference in fixed and variable cost has a special significance is preparation of
(a) cash budget (b) static budget
(c) flexible budget (d) fixed budget
10. Sales budget is
(a) functional budget (b) expenditure budget
(c) master budget (d) capital budget

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).
Each answer should not exceed 250 words.

11. (a) State the features of management accounting.

Or

- (b) What are the significance of management accounting?

3. Debt equity ratio is called as
(a) Liquidity ratio (b) Solvency ratio
(c) Profitability ratio (d) Activity ratio
4. The term current asset includes
(a) Long-term investments
(b) Temporary investments
(c) Cash surrender value of life insurance
(d) Land
5. Tax paid is known as
(a) Application of fund
(b) Sources of fund
(c) Not flow of fund
(d) Funds from operation
6. Commission paid is known as
(a) application of fund (b) source of fund
(c) no flow of fund (d) none of these
7. Increase the amount of debtors result in
(a) decrease in cash (b) increase in cash
(c) no change (d) none of these

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12. (a) What are the limitations of ratio analysis?

Or

- (b) From the following information, compute the trend percentage as taking 2010 as the base year

Year :	2010	2011	2012	2013	2014	2015	2016	2017
Sales :	30	35	28	36	40	25	60	42
Operating profit :	6	8	5	8	9	4	12	10

13. (a) Calculate funds from operation from the following data.

Profit and loss a/c

Dr		Cr
To rent	35,000	By gross profit
To depreciation	3,000	9,86,000
To share discount	10,000	
To goodwill	5,000	
To preliminary expenses	6,000	
To net profit	9,27,000	
	9,86,000	9,86,000

Or

- (b) Difference between fund flow statement and cash flow statement.

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[P.T.O.]

14. (a) Give the format of cash flow statement.

Or

- (b) From the following P and L a/c calculate cash from operation.

Profit and Loss a/c			
To salary	2,000	By gross profit	5,000
To depreciation	1,000	By profit on select building	5,000
To loss on sale of furniture	500		
To good will	1,000		
To net profit	<u>5,500</u>		
	<u>10,000</u>		<u>10,000</u>

15. (a) From the following data, prepare production budget.

Stock for the budgeted period			
Product	Opening stock	Closing stock	Sales
X	2,000	10,000	5,000
Y	3,000	15,000	4,000
Z	4,000	13,000	3,000

Or

- (b) What are the points to be considered while preparing a cash budget?

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18. (a) From the following balance sheet prepare a fund flow statement.

Balance as on 31.12.2014

Liabilities	2013	2014	Assets	2013	2014
Share capital	88,000	1,32,000	Building	55,400	1,13,200
Reserve	6,000	9,000	Machinery	38,000	52,800
P and L a/c	19,500	20,800	Stock	22,100	26,000
Debentures	-	26,000	Debtors	36,500	29,100
Creditors	43,300	47,300	Cash	4,800	4,000
	<u>1,56,800</u>	<u>2,35,100</u>		<u>1,56,800</u>	<u>2,35,100</u>

Depreciation charged to machinery amount to Rs. 13,200.

Or

- (b) Give the format of fund flow statement.

19. (a) What are the limitations of cash flow statement?

Or

- (b) Distinguish between cash flow statement and cash book.

20. (a) What are the main objectives of budgetary control?

Or

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PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b)
Each answer should not exceed 600 words.

16. (a) Distinguish between management accounting and cost accounting.

Or

- (b) What are the advantages of management accounting?

17. (a) Explain the stock turn over ratio.

Or

- (b) The following is the balance sheet of a firm XYZ calculate :

(i) current ratio (ii) liquid ratio.

	Rs.		Rs.
Share capital	30,000	Fixed assets	16,500
Creditors	8,000	Cash	1,000
Bills payable	2,000	Book debts	6,000
Bank O/D	3,500	Bills receivable	2,000
		Stock	17,500
		Prepaid expenses	<u>500</u>
	<u>43,500</u>		<u>43,500</u>

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- (b) From the following, forecast of income and expenditure calculate the cash budget for 3 months from June. Its bank balance is Rs. 1,00,000.

Months	Sales	Purchases	Wages	Factory expenses	Office expenses
April	80,000	41,000	5,600	3,900	10,000
May	76,500	40,500	5,400	4,200	14,000
June	78,500	38,500	5,400	5,100	15,000
July	90,000	37,000	4,800	5,100	17,000
August	95,000	35,000	4,700	6,000	13,000

- (i) A sales commission of 5% due 2 month after sales.

- (ii) Plant valued Rs. 65,000 is to be purchased in August and payment to be made.

- (iii) The dividend for the last year Rs. 15,000 will be paid in July.

- (iv) Debtors and creditors are eligible for 2 months credit.

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