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Reg. No. :

Code No. : 22092 E Sub. Code : SMCO 62

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

Sixth Semester

Commerce

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. Imputed cost is called a
 - (a) Nominal cost
 - (b) Real cost
 - (c) Abnormal cost
 - (d) Variable cost
2. Operating cost is suitable for
 - (a) job order business
 - (b) contractors
 - (c) sugar industry
 - (d) service industries

3. The term current assets includes
- (a) Long – term investments
 - (b) Temporary investments
 - (c) Cash surrender value of life insurance
 - (d) Land
4. Debt – equity ratio is
- (a) Liquidity ratio (b) Solvency ratio
 - (c) Profitability ratio (d) Activity ratio
5. Cash sales result into
- (a) Application of fund
 - (b) Sources of fund
 - (c) No flow of fund
 - (d) None of these
6. Tax paid is known as
- (a) Application of fund
 - (b) Sources of fund
 - (c) No flow of fund
 - (d) Funds from operation

-) From the following information, prepare a cash budget for the period from January to April.

Months	Expected sales Rs.	Expected purchases Rs.
January	60,000	48,000
February	40,000	45,000
March	45,000	31,000
April	40,000	40,000

Wages to be paid to workers will be Rs. 5,000 p.m. cash balance on 1st January may be assured to be Rs. 8,000.

7. Issue of debentures for cash
 - (a) Decrease in cash
 - (b) No impact
 - (c) Increase in cash
 - (d) None of these
8. Purchase of goods for cash result in
 - (a) Decrease in cash
 - (b) No impact
 - (c) Increase in cash
 - (d) Either (a) or (b)
9. Sales budget is
 - (a) Functional budget
 - (b) Expenditure budget
 - (c) Master budget
 - (d) Capital budget
10. The budget is prepared first of all is
 - (a) Budget for key factor
 - (b) Cash budget
 - (c) Master budget
 - (d) Flexible budget

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) What are the advantages of management accounting?

Or

- (b) Discuss the functions of management accounting.

12. (a) Write short note on liquidity ratios.

Or

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

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

- (b) From the following balance sheets prepare a cash flow statement.

Liabilities	2015	2016	Assets	2015	2016
	Rs.	Rs.		Rs.	Rs.
Share capital	2,00,000	2,50,000	Cash	30,000	47,000
Creditors	70,000	45,000	Debtors	1,20,000	1,15,000
Profit and loss a/c	10,000	23,000	Stock	80,000	90,000
			Land	50,000	66,000
	<u>2,80,000</u>	<u>3,18,000</u>		<u>2,80,000</u>	<u>3,18,000</u>

20. (a) Explain briefly the following :

- (i) Sales budget
- (ii) Production budget
- (iii) Materials budget.

Or

What are called as current assets and current liabilities? Give its components.

Or

From the following balance sheet prepare a schedule of change in working capital.

	31.12.2014	31.12.2015	Assets	31.12.2014	31.12.2015
Share capital	80,000	90,000	Land and building	50,000	50,000
Debtors	14,500	24,500	Machinery	24,000	34,000
Creditors	9,000	5,000	Stock	9,000	7,000
			Debtors	20,500	28,500
	<u>1,03,500</u>	<u>1,19,500</u>		<u>1,03,500</u>	<u>1,19,500</u>

13. (a) Calculate cash from operations from the following.

	2013	2014
Profit and loss a/c	10,000	20,000
Bills receivable	18,000	22,000
Provision for depreciation	40,000	42,000
Outstanding rent	1,600	4,000
Prepaid insurance	2,000	1,800
Goodwill	24,000	20,000
Stock	12,000	16,000

Or

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13. (a) Difference between fund flow statement and cash flow statement.

Or

(b) Calculate funds from operation from the following data.

Profit and loss a/c			
To salaries	13,000	By gross profit	2,00,000
To rent	3,000	By profit on sales of machinery	5,000
To depreciation	14,000		
To expenses	5,000		
To net profit	<u>1,70,000</u>		
	<u>2,05,000</u>		<u>2,05,000</u>

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

Profit and loss a/c			
	Rs.		Rs.
To salary	6,000	By gross profit	25,000
To depreciation on plant	2,000	By profit on sale of land	5,000

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To loss on sale of plant	1,000	By income tax refund	3,000
To goodwill	4,000		
To dividend	5,000		
To provision for taxation	5,000		
To net profit	10,000		
	<u>33,000</u>		<u>33,000</u>

Or

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

15. (a) From the following data. Prepare production budget for the XYZ Ltd.

Product	Stock for the budgeted period		Sales
	Opening stock	Closing stock	
A	8,000	10,000	60,000
B	9,000	8,000	50,000
C	12,000	14,000	80,000

Or

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

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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) Explain the objectives of management accounting.

Or

- (b) Difference between management accounting and cost accounting.

17. (a) Define ratio. What are the significance of ratio analysis?

Or

- (b) From the trading a/c calculate (i) Gross profit ratio (ii) Stock turnover ratio.

	Rs.		Rs.
To opening stock	1,00,000	By sales	5,60,000
To purchases	3,50,000	By closing stock	1,00,000
To wages	9,000		
To gross profit	<u>2,01,000</u>		
	<u>6,60,000</u>		<u>6,60,000</u>

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