

**Avinashilingam Institute for Home Science and Higher Education for Women
Coimbatore – 641 043
Bachelor's Degree Examination – November 2017**

V Semester

Class : III UG

Time : 3 Hours

Major : Commerce / B.Com CA / B.Com PA

Max. Marks : 100

15BCOC18 / 15BCCC18 / 15BCPC23 Management Accounting

Part – A

10 x 1 = 10

Choose the Correct Answer

1. Management Accounting is also known as -----
 - a. Price level accounting
 - b. Historical cost accounting
 - c. Financial Accounting
 - d. Decision accounting.

2. Management accounting analyses accounting data with the help of -----
 - a. Auditors
 - b. statutory forms
 - c. Tools and techniques
 - d. none of the above

3. Financial statements provide a summary of -----
 - a. accounts
 - b. assets
 - c. liabilities
 - d. none of the above

4. Financial statements are -----
 - a. anticipated facts
 - b. recorded facts
 - c. estimates of facts
 - d. none of the above

5. Return on investment is a -----
 - a. P & L A/c Ratio
 - b. balance sheet ratio
 - c. combined ratio
 - d. leverage ratio

6. The 'safe level' of proprietary ratio is -----
 - a. 0.50
 - b. 2
 - c. 1
 - d. 3

7. State which of the following is a non – current asset?
 - a. goodwill
 - b. debtors
 - c. stock
 - d. prepaid rent

8. Increase in the amount of bills receivable results in -----
 - a. Decrease in cash
 - b. increase in cash
 - c. No change in cash
 - d. none of the above

9. Sales budget is a -----
 - a. Functional budget
 - b. expenditure budget
 - c. master budget
 - d. flexible budget

10. The budget which is prepared first of all is -----
 - a. master budget
 - b. cash budget
 - c. budget for key factor
 - d. none of these

Answer the following

Answer should not exceed 400 words or two pages

11.a. State the scope of management accounting.

(Or)

11.b. What are the functions of management accounting.

12.a. Who are the users of financial statements?

(Or)

12.b. The following figures relate to the activities of Moon Ltd. for the year ending

31.12.1999:

Sales (Net)	16,00,000
Cost of goods sold	7,20,000
Administrative Exps:	
Salaries	1,74,000
Rent & Rates	24,000
Postage & telegrams	10,000
Stationery	74,000
Selling & Distribution Exps:	
Salesman Salaries	36,000
Advertising	12,000
Sales commission	15,000
Discount on sales	4,000
Non operating exps:	
Interest	10,000
Loss on sale of building	22,000
Non operating income:	
Gain on sale of investments	20,000

You are required to study the income statement with the help of common size statement.

13.a. Ascertain the gross profit ratio from the following:

Gross profit	-	27,000
Cost of sales	-	33,000
Opening stock	-	12,000
Closing stock	-	16,000

(Or)

13.b. Calculate the earnings per share from the following:

Net profit after tax	76,000
12% preference share capital(Rs.10 each)	3,00,000
Equity share capital (Rs.10 each)	2,00,000

14.a. From the following details, calculate funds from operations

P & L A/c for the year ended

Particulars	Rs.	Rs.	Particular	Rs.	Rs.
To Salaries		1,20,000	By gross profit		3,00,000
To rent		45,000	By profit on sales of		
To provision for baddebts		15,000	buildings		
To preliminary exps. Written		30,000	sold for	30,000	
To goodwill written off		15,000	(-) Book value	<u>15,000</u>	15,000
To Dep. On Machinery		15,000			
To Loss on sale of Plant:					
Book value Rs: 30,000					
Sold for Rs. <u>24,000</u>		6,000			
To provision for tax		15,000			
To Net profit		54,000			
		<u>3,15,000</u>			<u>3,15,000</u>

(Or)

- 14.b. From the following P & L A/c of R Ltd. For the year ended 31st March 1998, you are required to calculate cash from operations.

P & L A/c for the year ended 31.03.1998.

To purchases	60,000	By sales	1,50,000
To wages	10,000		
To carriage inwards	5,000		
To carriage outwards	12,000		
To salaries	15,000		
To rent & rates	3,000		
To Stationery & printing	2,000		
To net profit	43,000		
	-----		-----
	1,50,000		1,50,000

- 15.a. State the objectives of budgetary control.

(Or)

- 15.b. From the following particulars, prepare a production budget of AVM sales corporation for the year ended 30.06.1989.

Product	Sales (Units) (as per sales budget)	Estimated stock (units)	
		July 1, 1986	June 30, 1987
A	1,50,000	14,000	15,000
B	1,00,000	5,000	4,500
C	70,000	8,000	8,000

Part – C

5 x 12 = 60

Answer the following

Answer should not exceed 800 words or four pages

- 16.a. Distinguish between financial accounting and management accounting.

(Or)

- 16.b. Explain the tools and techniques of management accounting.

- 17.a. Distinguish between comparative balance sheet vs common size balance sheet.

(Or)

- 17.b. From the following information, interpret the result of operations of a manufacturing concern using trend percentage with 1994 as base.

For the year Ended

Particulars	1994 Rs.	1995 Rs.	1996 Rs.	1997 Rs.
Sales (Net)	2,00,000	1,90,000	2,40,000	2,60,000
Less: cost of goods sold	1,20,000	1,17,800	1,39,200	1,45,600
Gross profit	80,000	92,200	1,00,800	1,14,400
Less: Operating Exps:	20,000	19,400	22,000	24,000
Non Operating profit	60,000	52,800	78,800	90,400

- 18.a. The balance sheet of R Ltd as at 31.12.1989 is as follows:

Liabilities	Rs.	Assets	Rs.
Equity share capital	2,00,000	Fixed Assets	3,60,000
9% pref.share capital	1,00,000	Stock	1,00,000
8% debentures	1,00,000	Debtors	60,000
P & L A/c	40,000	Bills receivable	6,000
Creditors	90,000	Bank	4,000
	-----		-----
	5,30,000		5,30,000

- Calculate i. Debt – equity ratio
ii. Current ratio and
iii. Liquidity ratio

(Or)

- 18.b. From the following, calculate i. Gross profit ratio ii. Net profit ratio and
iii. Operating ratio

Sales	5,00,000
Cost of goods sold	3,00,000
Operating expenses	1,00,000
Non operating expenses	20,000

- 19.a. From the following balance sheet of sun Company Ltd., as on 31st Dec, 1997 and 31s Dec 1998, prepare a schedule of changes in working capital.

Liabilities	31.12.97	31.12.1998	Assets	31.12.1997	31.12.98
Equity share capital	3,00,000	4,00,000	Furniture(at cost)	1,00,000	1,20,000
Share premium	-	10,000	Less: Dep	<u>56,000</u>	<u>68,000</u>
General reserve	1,00,000	1,20,000		44,000	52,000
P & L A/c	40,000	70,000	Goodwill	20,000	16,000
Debentures	2,00,000	1,50,000	Long term investment	80,000	1,04,000
Bills payable	50,000	40,000	Stock	5,08,000	5,78,000
Trade creditors	70,000	80,000	Debtor	62,000	56,000
Outstanding exps	4,000	2,000	cash at bank	44,000	62,000
			Discount on Expen	6,000	4,000
	<u>7,64,000</u>	<u>8,72,000</u>		<u>7,64,000</u>	<u>8,72,000</u>

(Or)

- 19.b. From the following information, calculate cash from operations and prepare a cash flows statement of C.P. stores Ltd. for the year ended 31.12.1996.

Balance sheet

Liabilities	01.01.96	31.12.96	Assets	01.01.96	31.12.96
	Rs.	Rs.		Rs.	Rs.
Share capital	70,000	70,000	Plant & Machinery	50,000	91,000
Secured loans (repayable in 2007)	-	40,000	Inventory	15,000	40,000
Creditors	14,000	39,000	Debtors	5,000	20,000
Tax payable	1,000	3,000	Cash	20,000	7,000
P & L A/c	7,000	10,000	Prepaid Gen.Exp	<u>2,000</u>	<u>4,000</u>
	<u>92,000</u>	<u>1,62,000</u>		92,000	1,62,000
To opening inventory		15,000	By sales		1,00,000
To purchases		98,000	By closing inventory		<u>40,000</u>
To gross profit		<u>27,000</u>			<u>1,40,000</u>
		<u>1,40,000</u>			
To Gen. Exps		11,000	By Gross profit		27,000
To Depreciation		8,000			
To Taxes		4,000			
To net profit		4,000			
		<u>27,000</u>			<u>27,000</u>
To dividend		1,000	By Net profit		4,000
To Bal C/d		10,000	By Balance Ltd		7,000
		<u>11,000</u>			<u>11,000</u>

20.a. Discuss the operational steps in performance budgeting

(Or)

20.b. Prepare a flexible budget for overheads on the basis of the following data ascertain the over head rates @ 50%, 60%, & 70% capacity.

Variable OHS:	At 60% capacity
Indirect material	6,000
Indirect labour	18,000
Semi – variable OHD.	
Electricity (40% fixed: 60% variable)	30,000
Repairs (80% fixed : 20% variable)	3,000
 Fixed Ohs:	
Depreciation	16,500
Insurance	4,500
Salaries	<u>15,000</u>
Total overheads	<u>93,000</u>
Estimated direct labour hours	<u>1,86,000</u>
