

(8 pages)

Reg. No. :

Code No. : 32018 E Sub. Code : SMCO 62

B.Com. (CBCS) DEGREE EXAMINATION,
APRIL 2023.

Sixth Semester

Commerce — Core

MANAGEMENT ACCOUNTING

(For those who joined in July 2017 – 2019)

Time : Three hours Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Operating cost is suitable for
(a) Job order business (b) Contractors
(c) Sugar industry (d) Service industries
2. Sunk cost is cost relating to
(a) The present (b) Future
(c) Past (d) Tax

8. Increase the amount of debtors results in
(a) decrease in cash (b) increase in cash
(c) no change (d) none of these
9. The budget which is prepared first of all is
(a) budget for key factor
(b) cash budget
(c) master budget
(d) flexible 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 by choosing either (a) or (b).
Each answer should not exceed 250 words.

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

Or

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

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3. The term fixed assets includes
(a) stock-in-trade
(b) furniture
(c) payments in advance
(d) accounts receivable
4. Liquid ratio is also known as
(a) Acid-test ratio
(b) Current ratio
(c) Working capital ratio
(d) Net asset ratio
5. Current assets include _____
(a) Cash and bank balance
(b) Long-term investment
(c) Machinery
(d) Preliminary expenses
6. Depreciation of machinery is
(a) Application of fund (b) Sources of fund
(c) No flow of fund (d) None of these
7. Purchase of goods for cash result in
(a) Decrease in cash (b) No impact
(c) Increase in cash (d) Either (a) or (b)

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12. (a) 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 purchase	3,50,000	By closing stock	1,00,000
To wages	9,000		
To gross profit	2,01,000		
	<u>6,60,000</u>		<u>6,60,000</u>

Or

- (b) Write short note on liquidity ratios.

13. (a) From the following P and L A/c calculate funds from operation :

	Profit and Loss A/c		Rs.
	Rs.		Rs.
To Rent	35,000	By Gross profit	9,86,000
To Depreciation	3,000		
To Discount	10,000		
To Goodwill	5,000		
To Expenses	6,000		
To Net profit	9,27,000		
	<u>9,86,000</u>		<u>9,86,000</u>

Or

- (b) What are the uses of fund flow statement?

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[P.T.O.]

14. (a) What are the advantages of cash flow statements?

Or

- (b) From the following profit and loss account calculate cash from operation :

Profit and Loss A/c			
	Rs.		Rs.
To Salary	2,000	By Gross profit	5,000
To Depreciation	1,000	By profit on sale of building	5,000
To Loss on sale of furniture	500		
To Goodwill	1,000		
To Net profit	5,500		
	<u>10,000</u>		<u>10,000</u>

15. (a) How and why cash budgets are prepared?

Or

- (b) From the following data, prepare production budgets.

Product	Stock for the budgeted period		
	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

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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) Difference between management accounting and financial accounting.

Or

- (b) Explain the objectives of management accounting.

17. (a) Write short note on current ratio, liquid ratio and proprietary ratio.

Or

- (b) Calculate :

- (i) Gross profit ratio
(ii) Operating profit ratio
(iii) Operating ratio
(iv) Net profit ratio

Sales Rs. 42,000, Sales return Rs. 2,000, Cost of sales Rs. 32,800, Interest expenses (non-operating) Rs. 200. Income from investment Rs. 400, Administrative expenses Rs. 2,600, Selling expenses Rs. 1,400 and depreciation Rs. 400.

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

Liabilities	31 Dec		Assets	31 Dec	
	2013	2014		2013	2014
	Rs.	Rs.		Rs.	Rs.
Share capital	3,00,000	4,00,000	Machinery	50,000	60,000
Creditors	1,00,000	70,000	Furniture	10,000	15,000
Profit and Loss A/c	15,000	30,000	Stock in trade	85,000	1,05,000
			Debtors	1,60,000	1,50,000
			Cash	1,10,000	1,70,000
	<u>4,15,000</u>	<u>5,00,000</u>		<u>4,15,000</u>	<u>5,00,000</u>

Or

- (b) Explain the term "flow of funds".

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

Or

- (b) Calculate cash from operations from the following :

	2013	2014
Profit and Loss account	10,000	20,000
Bills receivable	18,000	20,000
Provision for depreciation	40,000	42,000
Outstanding rent	1,600	4,000

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	2013	2014
Prepaid insurance	2,000	1,800
Goodwill	24,000	20,000
Stock	12,000	16,000

20. (a) Explain the difference between a forecast and a budget.

Or

- (b) State the advantages and limitations of budgetary control.

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