

- (b) An investment of Rs. 10,000 (having scrap value of Rs. 500) yields the following returns:

Years	Yields Rs.
1	4,000
2	4,000
3	3,000
4	3,000
5	2,000

The cost of capital is 10%. Is the investment desirable? Discuss it according to net present value method assuming the P.V. factors for 1st, 2nd, 3rd, 4th and 5th years-.909, .826, .751, .683, .621 respectively.

Reg. No. :

Code No. : 20439 E Sub. Code : JMCO 62

B.Com. (CBCS) DEGREE EXAMINATION,
APRIL 2019.

Sixth Semester

Commerce — Main

MANAGEMENT ACCOUNTING

(For those who joined in July 2016 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Management accounting helps the management in
 - (a) Preparation of final accounts
 - (b) Raising of funds
 - (c) Filing of returns
 - (d) Decision making



2. Basic objective of management accounting is

- (a) to ascertain profit or loss
- (b) to settle disputes between workers
- (c) to report to management
- (d) none of these

3. Horizontal analysis is done by

- (a) Financial statement of a particular year
- (b) Half yearly statement
- (c) Financial statement of several years
- (d) None of these

4. External analysis is based on

- (a) Published sources
- (b) Unpublished sources.
- (c) Government records
- (d) None of the above

5. An ideal liquid ratio is

- (a) 1: 1
- (b) 0.75: 1
- (c) 0.50 : 1
- (d) 0.25 : 1

6. Shareholders funds + Long-term loans = _____

- (a) current assets
- (b) current liabilities
- (c) fixed assets
- (d) capital employed

7. Cash flows includes

- (a) Cash receipts only
- (b) Cash payments only
- (c) Cash receipts and payments
- (d) Cash and non-cash incomes

8. Premium on redemption of debenture is

- (a) A cash inflow
- (b) A cash outflow
- (c) Income
- (d) Expenditure

9. Capital Budgeting is a part of

- (a) Investment Decision
- (b) Working Capital Management
- (c) Marketing Management
- (d) Capital Structure



10. A sound Capital Budgeting technique is based on

- (a) Cash Flows
- (b) Accounting Profit
- (c) Interest Rate on Borrowings
- (d) Last Dividend Paid.

PART B — (5 × 5 = 25 marks)

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

Answer should not exceed 250 words.

11. (a) List down the advantages of management accounting.

Or

(b) What are the functions of management accounting?

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

Or

(b) The following are the income statements of Jeevan Ltd., for the year ending 31st December 1999 and 1998. You are required to prepare a comparative income statement for the two years.

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	31.12.98	31.12.99
	Rs.	Rs.
Net sales	10,00,000	12,00,000
Cost of goods sold	5,50,000	6,05,000
Operating expenses :		
Administration	80,000	1,00,000
Selling	60,000	80,000
Non-operating expenses :		
Interest	40,000	50,000
Income-tax	50,000	80,000

13. (a) From the following details of a trader you are required to calculate stock turnover ratio.

	Rs.
Sales	39,984
Sales returns	380
Opening stock at cost	1,378
Closing stock at cost	1,814
Total Gross profit for the year	8,068

Or

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- (b) Ascertain closing debtors from the following data :
 Total sales Rs. 40,00,000: Cash sales Rs. 4,00,000.
 Debtors collection period 60 days (360 days year),
 Closing bills receivable Rs. 10,000.

14. (a) From the following prepare a statement showing changes in working capital during 1999.

Balance sheets of Sree Ganesh Ltd., as on 31st December

Liabilities	1998 Rs.	1999 Rs.	Assets	1998 Rs.	1999 Rs.
Share capital	6,00,000	6,00,000	Fixed assets	10,00,000	11,20,000
Reserves	50,000	1,80,000	Less :		
Profit and loss account	40,000	65,000	Depreciation	3,70,000	4,60,000
Debentures	3,00,000	2,50,000	Stock	2,40,000	3,70,000
Creditors for goods	1,70,000	1,60,000	Book debts	2,50,000	2,30,000
Provision for income tax	60,000	80,000	Cash in hand and at bank	80,000	60,000
			Preliminary expenses	20,000	15,000
	<u>12,20,000</u>	<u>13,35,000</u>		<u>12,20,000</u>	<u>13,35,000</u>

Or

- (b) How cash flow differ from funds flow statement?

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15. (a) Analyse the different methods of evaluating capital expenditure.

Or

- (b) Calculate pay back period for a project which requires a cash outlay of Rs. 10,000 and generates cash inflows of Rs. 2,000 Rs. 4,000; Rs. 3,000 and Rs. 2,000 in the first, second, third and fourth year respectively.

PART C — (5 × 8 = 40 marks)

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

Answer should not exceed 600 words.

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

Or

- (b) Briefly explain the different tools used in management accounting.

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17. (a) Sudeesh & Co Ltd., furnishes its balance sheet for the years 1999 and 2000 and requests you to prepare a comparative balance sheet for those years.

Liabilities	1999 Rs.	2000 Rs.	Assets	1999 Rs.	2000 Rs.
Equity share capital	80,000	80,000	Land and		
8% debentures	80,000	90,000	buildings	80,000	74,000
Retained earnings	40,000	49,000	Plant and		
Sundry creditors	50,000	70,000	machinery	60,000	54,000
Bills payable	10,000	15,000	Furniture	20,000	28,000
			Inventory	40,000	60,000
			Debtors	40,000	80,000
			Cash	20,000	8,000
	<u>2,60,000</u>	<u>3,04,000</u>		<u>2,60,000</u>	<u>3,04,000</u>

Or

- (b) Explain the different types of financial statement analysis.
18. (a) Given :
 Current ratio = 2.8
 Acid-test ratio = 1.5
 Working capital = Rs. 1,62,000
 Calculate:
 (i) Current assets
 (ii) Current liabilities
 (iii) Liquid assets
 (iv) Stock.

Or

- (b) Following are the ratios relating to the trading activities of Neela Traders Ltd., Madras. .

Receivables turnover = 90 days (360 days year)

Inventory turnover = 3 times

Payables turnover = 3 months

Gross profit ratio = 25%

Gross profit for the year amounted to Rs. 18,000. Closing inventory of the year is Rs. 2,000 above the opening inventory. Bills receivable amount to Rs. 2,500 and bills payable Rs. 1,000.

Ascertain the following:

- (i) Sales
- (ii) Debtors
- (iii) Closing inventory and
- (iv) Sundry creditors.

19. (a) From the following summarised balance-sheets of Sri Krishna Ltd., prepare a schedule of changes in working capital and a Liabilities statement of sources and application of funds.



Liabilities	1998 Rs.	1999 Rs.	Assets	1998 Rs.	1999 Rs.
Share capital	4,00,000	5,75,000	Plant	75,000	1,00,000
Creditors	1,06,000	70,000	Stock	1,21,000	1,36,000
Profit and loss a/c	14,000	31,000	Debtors	1,81,000	1,70,000
	<u>5,20,000</u>	<u>6,76,000</u>	Cash	<u>1,43,000</u>	<u>2,70,000</u>
				<u>5,20,000</u>	<u>6,76,000</u>

Or

- (b) Prepare a cash flow statement for the year ending 31st March 2000 from the Balance sheets given below.

Liabilities	March 31 1999 Rs.	March 31 2000 Rs.	Assets	March 31 1999 Rs.	March 31 2000 Rs.
Share capital	5,00,000	6,50,000	Fixed assets	4,00,000	5,00,000
General reserve	1,00,000	1,50,000	Less : depreciation		50,000
Profit and loss a/c	50,000	1,50,000		4,00,000	4,50,000
7% debentures	2,00,000	2,00,000	Investments	1,00,000	1,00,000
Creditors	2,00,000	2,00,000	Debtors	2,00,000	3,00,000
Proposed dividend	50,000	65,000	Stock	2,00,000	2,50,000
			Cash	1,50,000	3,15,000
			Mis. exp.	50,000	
	<u>11,00,000</u>	<u>14,15,000</u>		<u>11,00,000</u>	<u>14,15,000</u>

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20. (a) The following particulars relating to a project.

Cost of the project Rs.50,500

Annual Cash Inflows Rs.

1 Year	5,000
2 Year	20,000
3 Year	30,000
4 Year	30,000
5 Year	10,000

Year : 1 2 3 4 5

Present value 0.909 0.826 0.751 0.683 0.621
at 10% :

Calculate :

- (i) Net present value
(ii) Discounted pay back period.

Or

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