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| Reg.No : |  |  |  |  |  |  |  |  |  |  |  |

**D.K.M. COLLEGE FOR WOMEN (AUTONOMOUS), VELLORE – 1**

**SEMESTER EXAMINATIONS**

 **APRIL – 2017 CCO6A**

***MANAGEMENT ACCOUNTING***

**Time: 3 Hrs Max. Marks: 75**

**SECTION – A (10 X 2 =20)**

**Answer ALL the questions.**

1. List out any four functions of Management Accounting.
2. What is meant by analysis of interpretation of financial statements?
3. What is Ratio Analysis? What are the different modes of expressing Ratio’s?
4. Ascertain operating profit Ratio from the following details:

|  |  |
| --- | --- |
|  | Rs. |
| Gross Profit | 1,00,000 |
| Net Sales | 5,00,000 |

Calculate gross profit ratio.

1. Ascertain the funds from operations from the data provided for the year 2004.

|  |  |
| --- | --- |
|  |  Rs. |
| 1. Profit for the year
 |  7,40,000 |
| 1. Discount on issue of Debentures Written off during 2004
 |  50,000 |
| 1. Profit on sale of furniture

Loss on sale of building |  26,000 1,32,000 |

1. Compute cash from operations from the following net profit for the year 2006-07

|  |  |
| --- | --- |
|  |  Rs. |
| Net profit for the year 2006-07 | 80,000 |
| Depreciation written off on fixed assets | 11,000 |
| Profit on sale of Building | 22,000 |
| Loss on Sale of Machine | 13,000 |
| Increase in current Assets (Except cash) | 46,000 |
| Increase in current liabilities | 29,000 |

1. Define Capital Budgeting.
2. What are the objectives of budgetary control?
3. You are required to prepare a production budget for the half year ending June 2000 from the following information.

|  |  |  |  |
| --- | --- | --- | --- |
| Product | Budgeted sales quantity units | Actual Stock on 31-12-99 (Units) | Desired stock on 30-6-2000( Units) |
| S | 20,000 | 4,000 |  5,000 |
| T | 50,000 | 6,000 |  10,000 |

1. A Project costs Rs.20,00,000 and yields annually a profit of Rs.3,00,000 after depreciation at 12$\frac{1}{2}\%$ but before tax at 50%. Calculate the pay-back period.

**SECTION – B (5 X 5 =25)**

 **Answer any FIVE of the following questions.**

1. Bring out the advantages and disadvantages of Management Accounting.
2. Indicate common size of the following items in a common size Income statement.

|  |  |  |
| --- | --- | --- |
|  | 2006(Rs) | 2007(Rs) |
| Sales | 10,00,000 | 16,00,000 |
| Cost of sales |  8,00,000 | 12,00,000 |
| Gross Profit |  2,00,000 |  4,00,000 |

1. Kuberan & Co. makes both cash and credit sales from the following information, Calculate average collection period.

|  |  |
| --- | --- |
|  | Rs. |
| Total Sales | 2,00,000 |
| Cash Sales | 40,000 |
| Sales returns | 14,000 |
| Debtors(31-12-2006) | 18,000 |
| Creditors(31-12-2006) | 20,000 |
| Provision for bad debts(31-12-2006) | 2,000 |
| Bills receivable (31-12-2006) | 4,000 |

1. Selvi Ltd earned profit of Rs.2,00,000 after charging or crediting the following items to its P & L a/c during 31-3-2000.

|  |  |
| --- | --- |
|  | Rs. |
| 1. Profit on sale of investments
 | 4,000 |
| 1. Loss on sale of buildings
 | 9,000 |
| 1. Depreciation on fixed assets
 | 7,000 |
| 1. Amortisation of goodwill
 | 2,000 |

The following details are available.

|  |  |  |
| --- | --- | --- |
|  | 1-4-99 | 31-3-2000 |
| Bill Payable | 5,000 | 8,000 |
| Creditors | 12,000 | 16,000 |
| Outstanding expenses | 2,000 | 1,000 |
| Bills receivable | 20,000 | 18,000 |
| Debtors | 40,000 | 60,000 |
| Prepaid expenses | 2,000 | 3,000 |
| Accrued Incomes | 5,000 | 8,000 |
| Income received in advance | 2,000 | 1,000 |

Calculate the cash from operations for the year ending 31-3-2000.

1. From the following information relating to X & Company, prepare a statement showing changes in working capital.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Liabilities | 1973(Rs) | 1974(Rs) | Assets | 1973(Rs) | 1974(Rs) |
| Share CapitalReserve Retained earningsAccounts payable | 3,00,0001,00,00030,00045,000 | 4,00,00050,00060,0001,35,000 | Cash Accounts receivableInventoriesFixed assets | 30,0001,05,0001,50,0001,90,000 | 90,0001,50,0001,95,0002,10,000 |
| 4,75,000 | 6,45,000 | 4,75,000 | 6,45,000 |

1. Enumerate the essentials of a good Budgetary control system.
2. You are required to construct a selling overhead budget from the details given below:

|  |  |
| --- | --- |
|  |  Rs. |
| Established expenses of sales Department | 15,000 |
| Other Expenses of sales department  | 6,000 |
| Advertisement | 4,500 |
| Salaries to counter salesman | 15,000 |

Commission to counter salesman at 2% on their sales commission to travelling salesman at 5% on their sales and out of pocket expenses at 3% on their sales.

The following are the likely sales range for a year

|  |  |
| --- | --- |
| Sales at CounterRs. | Sales by Travelling Salesman Rs. |
| 1,50,000 | 15,000 |
| 2,00,000 | 20,000 |
| 2,50,000 | 25,000 |

1. Each of the following projects requires a cash outlay of Rs.10,000.you are required to suggest which project should be accepted if the standard pay-back period is 5 years.

|  |
| --- |
| Cash Flow  |
| Year | Project X(Rs) | Project Y(Rs) | Project Z(Rs) |
| 1 | 2,500 | 4,000 | 1,000 |
| 2 | 2,500 | 3,000 | 2,000 |
| 3 | 2,500 | 2,000 | 3,000 |
| 4 | 2,500 | 1,000 | 4,000 |
| 5 | 2,500 | ---- | ---- |

**SECTION – C (3 X 10 =30)**

 **Answer ALL the questions.**

1. a) Dhanya & Co,Ltd., furnishes the following balance sheet for the years 2007 and 2008.Prepare common-size balance sheets.

|  |
| --- |
| Balance Sheets |
| Liabilities | 2007 | 2008 | Assets | 2007 | 2008 |
| Share Capital | 2,00,000 | 3,00,000 | Buildings | 4,00,000 | 4,00,000 |
| Reserves | 6,00,000 | 7,00,000 | Machinery | 6,00,000 | 10,00,000 |
| 10% Debentures | 2,00,000 | 3,00,000 | Stock | 2,00,000 | 3,00,000 |
| Creditors | 3,00,000 | 5,00,000 | Debtors | 2,00,000 | 2,50,000 |
| Bills Payable | 1,00,000 | 80,000 | Cash at Bank | 1,00,000 | 50,000 |
| Tax Payable | 1,00,000 | 1,20,000 |  |  |  |
|  | 15,00,000 | 20,00,000 |  | 15,00,000 | 20,00,000 |

 (Or)

 b) Distinguish between Management Accounting, Cost Accounting and Financial Accounting.

1. a) Balance sheet of M/s.Black and White as on 1st Jan 2003 and 31st Dec 2003 were as follows.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Liabilities | 1.1.03 | 31.12.03 | Assets | 1.1.03 | 31.12.03 |
| Creditors | 40,000 | 44,000 | Cash  | 10,000 | 7,000 |
| White’s Loan | 25,000 | ---- | Debtors | 30,000 | 50,000 |
| Loan from Bank | 40,000 | 50,000 | Stock | 35,000 | 25,000 |
| Capital | 1,25,000 | 1,53,000 | Machinery | 80,000 | 55,000 |
|  |  |  | Land | 40,000 | 50,000 |
|  |  |  | Buildings | 35,000 | 60,000 |
|  | 2,30,000 | 2,47,000 |  | 2,30,000 | 2,47,000 |

During the year machine costing Rs.10,000(accumulated depreciation Rs.3,000) was sold for Rs.5,000.The provisions for depreciation against machinery as on 1st Jan 2003 was Rs.25,000 and on 31st Dec 2003 Rs.40,000.Net profit for the year 2003 amounted to Rs.45,000.Prepare cash flow statement under AS3  model.

 (Or)

b) A Firm expects to have Rs.25,000 in bank on 1st May 2002 and requires you to prepare a cash

 budget for the 3 months may –July 2002. The following information is made available.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Month | Sales | Purchases | Wages | Fact Expenses | Office Expenses | Selling Expenses |
| March | 50,000 | 30,000 | 6,000 | 5,000 | 4,000 | 3,000 |
| April | 56,000 | 32,000 | 6,500 | 5,500 | 4,000 | 3,000 |
| May | 60,000 | 35,000 | 7,000 | 6,000 | 4,000 | 3,500 |
| June | 80,000 | 40,000 | 9,000 | 7,500 | 4,000 | 4,500 |
| July | 90,000 | 40,000 | 9,500 | 8,000 | 4,000 | 4,500 |

Other Information:

1. 20 percent of sales is for cash: remaining amount is collected in the month following that of

 sales.

1. Supplies supply goods at 2 months credit.
2. All expenses are paid in the month following the one in which they are incurred.
3. The company pays dividends to shareholders and bonus to workers of Rs.10,000 and

 Rs.15,000 respectively in the month of may.

1. Plant has been ordered and is expected to be received in June. It will cost Rs.80,000
2. Income tax Rs.25,000 is payable in July.
3. a) Two projects M & N which are mutually exclusive are leaving under consideration. Both of them require an investment of Rs.1,00,000 each. The cash inflows are estimated as under.

|  |  |  |
| --- | --- | --- |
| Year | M | N |
| 1 | 10,000 | 30,000 |
| 2 | 40,000 | 50,000 |
| 3 | 30,000 | 80,000 |
| 4 | 60,000 | 40,000 |
| 5 | 90,000 | 60,000 |

The Company’s targeted rate of return on investments is 12%.You are required to assess the projects on the basis of their present values, using (i) NPV method and (ii) profitability index method.

Present values of Rs.1 at 12% interest for five years are given below:

1st year : 0.893; 2nd year :0.797; 3rd year: 0.712; 4th year: 0.636; 5th year: 0.567.

 (Or)

b) From the following balance sheet of kavitha Industries Ltd prepare a funds flow statement for the

 year 2009-2010.

|  |
| --- |
| Balance Sheet |
| Liabilities | 2008 - 2009 | 2009 - 2010 | Assets | 2008 - 2009 | 2009-2010 |
| Share capital | 2,00,000 | 2,10,000 | Land | 1,00,000 | 1,20,000 |
| Profit & Loss a/c | 28,000 | 49,000 | Investment | 28,000 | 48,000 |
| Bank Loan | --- | 10,000 | Stock | 58,000 | 54,000 |
| Creditors | 39,000 | 30,000 | Debtors | 53,000 | 59,000 |
|  |  |  | Cash at Bank | 28,000 | 18,000 |
|  | 2,67,000 | 2,99,000 |  | 2,67,000 | 2,99,000 |

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