21526/E 260

Reg. No. [| | | | | | |]

V Semester B.B. A. 2 Degree Examination, November/December 2016
(Regular)
MANAGEMENT ACCOUNTING

Time : 3 Hours Max. Marks : 80

Instructions : *1) Write the numbers* ***correctly****.*
2) Calculators are ***allowed****.*
*3) Part – **III** is* ***compulsory****.*

PART – I

I. Answer **any ten** of the following questions. **Each** carries **2** marks.

1) Mention the two features of management accounting.
2) What do you mean by cash flow statement ?
3) What is Debt- equity ratio ?
4) State any four advantages of ratio analysis.
5) What do you mean by fund ?
6) What do you understand by analysis and interpretation of financial statement ?
7) Current assets = 1,00,000, Current liabilities = 50,000. Calculate current ratio.
8) What do you understand by capital budgeting process ?
9) What is Internal Rate of return method ?
10) Name any 4 sources of fund.
11) Name any four profit and loss account ratios.
12) Define management accounting. **(10×2=20)**

PART – II

II. Answer **any five** of the following. **Each** carries **8** marks.

13) Distinguish between management accounting and financial accounting.
14) Explain the importance of Fund Flow statement.

15) From the following data calculate the trend percentages.

Particulars	2008	2009	2010
	₹	₹	₹
Sales	3,00,000	4,00,000	5,00,000
Cost of goods sold	1,50,000	2,50,000	3,00,000
Selling expenses	50,000	75,000	1,00,000
Administrative exps.	25,000	30,000	40,000
Financial exps.	15,000	20,000	10,000

16) Trading and Profit and Loss account of Maruti Ltd. for the year ending 31-3-2009.

	Amount		Amount
To opening Stock	1,45,000	By Sales	7,50,000
" Purchases	6,10,000	" Closing stock	1,55,000
" Gross profit	1,50,000		
	9,05,000		**9,05,000**
To Sundry exps.	80,000	By Gross Profit	1,50,000
" Net Profit	70,000		
	1,50,000		**1,50,000**

Balance sheet as on 31-3-2009

Liabilities	Amount	Assets	Amount
Share Capital	7,00,000	Fixed assets	5,50,000
Reserves	50,000	Stock	1,55,000
P & L A/c	70,000	Debtors	1,80,000
Bank overdraft	35,000	Cash	1,20,000
Creditors	1,50,000		
	10,05,000		**10,05,000**

Calculate :

a) Current ratio
b) Quick ratio
c) Gross Profit ratio
d) Debtors turnover ratio
e) Average collection period.

17) Following is the Balance Sheet of Anusha Co. Limited.

Liabilities	Amount	Assets	Amount
Eq. Capital	1,50,000	Goodwill	50,000
10% Preference capital	50,000	Plant and Machinery	1,80,000
General Reserve	70,000	Land and Building	1,20,000
P & L a/c	30,000	Stock in trade	60,000
9% Debentures	1,00,000	Investments	40,000
Sundry Creditors	95,000	Stock in trade	35,000
Outstanding wages	5,000	Cash	15,000
	5,00,000		**5,00,000**

Calculate :

1) Liquidity ratios and

2) Solvency ratios

18) From the following Balance Sheet, prepare a common-size statement.

	2009	2010
	₹	₹
Assets:		
Cash	27,000	31,500
Debtors	2,20,000	2,11,000
Stock	1,00,000	1,26,000
Prepaid exps.	11,000	21,000
Bills receivable	10,000	10,500
Fixed assets	6,35,000	6,50,000
	10,03,000	**10,50,000**
Liabilities and Capital :		
Share capital	6,58,000	7,00,000
Long term debts	2,25,000	2,00,000
Sundry Creditors	42,000	50,000
Other Liabilities	78,000	1,00,000
	10,03,000	**10,50,000**

19) From the following Balance Sheet of Ram Co. Ltd. for the year ended 2009 and 2010. You are required to prepare a Comparative Balance sheet.

Balance sheet as on 31st December

Liabilities	2009	2010	Assets	2009	2010
B/P	500	750	Cash	1,000	1,400
S. Crs.	1,500	2,000	Drs.	2,000	3,000
Tax payable	1,000	1,500	Stock	2,000	3,000
6% Debentures	1,000	1,500	Land	1,000	1,000
10% Pref. capital	3,000	3,000	Buildings	3,000	2,700
Equity capital	4,000	4,000	Plant	3,000	2,700
Reserves	2,000	2,450	Furniture	1,000	1,400
	13,000	**15,200**		**13,000**	**15,200**

(5×8=40)

PART – III

III. Answer the following question.

20) A firm is considering the purchase of a machine, two machines A & B are available, each costing ₹ 50,000. In comparing the profitability of those machines a discount rate of 10% is to be used. Earnings after taxation are expected to be as follows :

Year	Machine A Cash flow	Machine B Cash flow
1	15,000	5,000
2	20,000	15,000
3	25,000	20,000
4	15,000	30,000
5	10,000	20,000

You are also given the following data :

Year	PV factor at 10% discount
1	0.909
2	0.826
3	0.751
4	0.683
5	0.621

Evaluate the projects using :

a) Pay back period

b) The accounting rate of return

c) The net present value. **(1×20=20)**