

Q.6

Attempt any two:

- i. Define budget. What are the objectives of preparing budget? **5**
- ii. Discuss the types of budgets briefly. **5**
- iii. The expenses budgeted for production of 1,000 units in a factory are **5**
furnished below:

Particulars	Price/unit (Rs)
Material cost	700
Labour cost	250
Variable overheads	200
Selling expenses (Rs. 2,00,000)	130
Other expenses	200
Total cost	1,480

Prepare a budget for production of 600 units and 800 units assuming administrative expenses are rigid for all level of production.

Enrollment No.....



Faculty of Commerce
End Sem (Odd) Examination Dec-2022
CM3EA03 Management Accounting

Programme: B.Com.

Branch/Specialisation: Commerce

Duration: 3 Hrs.**Maximum Marks: 60**

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d.

- Q.1 i. The purpose of management accounting is to- **1**
(a) Help banks make decisions
(b) Past orientation
(c) Help investors make decision
(d) Help managers make decisions
- ii. The concept of management accounting was coined by- **1**
(a) R.N Anthony (b) J. Batty
(c) James H. Bliss (d) American Accounting Association
- iii. The _____ of a business firm is measured by its ability to satisfy its **1**
short-term obligations as they become due.
(a) Liquidity (b) Debt (c) Profitability (d) Activity
- iv. Equity or Shareholders fund is equal to _____. **1**
(a) Equity share capital + preference share capital
(b) Equity share capital + revenues and Surplus
(c) Equity share capital + preference share capital +revenues and surplus
(d) None of these
- v. Fund flow statement is a tool for _____. **1**
(a) Performance analysis (b) Cost control
(c) Financial analysis (d) None of these
- vi. Fund flow statement is based on the concept of _____. **1**
(a) Going concern (b) Business entity
(c) Accounting period (d) None of these
- vii. P&L statement is also known as- **1**
(a) Statement of earnings (b) Statement of balance sheet
(c) Statement of operations (d) Statement of income

P.T.O.

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- viii A method used in a comparative analysis of financial statement is- **1**
 (a) Returning analysis
 (b) Common size analysis
 (c) Preference analysis
 (d) Graphical analysis
- ix. R&D budget and capital expenditure budget are examples of- **1**
 (a) Short-term budget (b) Current budget
 (c) Long-term budget (d) None of these
- x. _____ also known as subsidiary budgets. **1**
 (a) Master budget (b) Functional budget
 (c) Cost budget (d) None of these

- Q.2 i. Explain the meaning of management accounting. **2**
 ii. What are the objectives of management accounting? **3**
 iii. Distinguish between management accounting and financial accounting. **5**
- OR iv. Explain the functions of management accounting and discuss its advantages. **5**

- Q.3 i. Elaborate liquidity ratios. **2**
 ii. From the following statement: **8**
 Condensed balance sheet

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Share Capital	1,00,000	Fixed Assets (Net)	2,70,000
Reserves & Surplus	50,000	Cash at Bank	20,000
Debentures	2,00,000	Stock	80,000
Creditors	30,000	Debtors	30,000
Bills Payable	20,000		
	4,00,000		4,00,000

Calculate: (a) current ratio, (b) quick ratio, (c) debt-equity ratio, and (d) proprietary ratio.

- OR iii. Discuss uses and limitations of ratio analysis. **8**
- Q.4 i. Elaborate objectives of preparing fund flow statement. **3**
 ii. Compute cash flow from operating activities from the following Profit and Loss Account- **7**

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Particulars	Amount (Rs)	Particulars	Amount (Rs)
Salary	15,000	Gross Profit	45,000
Rent	8,000	Profit on sale of land	4,000
Depreciation	2,000	Income tax refund	2,000
Loss on sale of Plant	1,000		
Goodwill written off	4,000		
Proposed Dividend	5,000		
Provision for Taxation	5,000		
Net Profit	11,000		
	51,000		51,000

Income tax paid during the year Rs. 4,000.

- OR iii. What is fund? What are the various sources and uses of funds? **7**
- Q.5 i. State the functions of financial statements. **4**
 ii. Prepare comparative statement of profit and loss from the following statement of profit and loss: **6**

Particulars	31 st March 2019 (Rs)	31 st March 2018 (Rs)
I. Income		
Revenue from Operation (Net sales)	3,00,000	2,50,000
II. Expenses		
Cost of Materials consumed	1,20,000	1,00,000
Changes in Inventories of WIP and finished goods	(2,000)	5,000
Employee benefits expenses (wages)	30,000	25,000
Other Expenses	22,000	20,000
Total	1,70,000	1,50,000
III. Net Profit (I-III)	1,30,000	1,00,000

- OR iii. Prepare a common size statement of profit and loss from the following and interpret the same: **6**

Particulars	31 st March 2018	31 st March 2017
Revenue from operations	25,00,000	20,00,000
Other income	1,00,000	1,00,000
Cost of materials consumed	17,00,000	14,00,000
Finance costs	2,00,000	1,60,000
Other expenses	1,00,000	1,40,000

P.T.O.

Marking Scheme
CM3EA03 Management Accounting

Q.1	i. The purpose of management accounting is to (d) Help managers make decisions	1
	ii. The concept of management accounting was coined by? (a) R.N Anthony	1
	iii. The of a business firm is measured by its ability to satisfy its short-term obligations as they become due. (a) Liquidity	1
	iv. Equity or Shareholders fund is equal to (c) Equity share capital + Preference share capital +Revenues and Surplus.	1
	v. Fund flow statement is a tool for (c) Financial analysis	1
	vi. Fund flow statement is based on the concept of	1
	vii. P&L statement is also known as? (d) Statement of income	1
	viii A method used in a comparative analysis of financial statement is: (b) Common size analysis	1
	ix. R&D budget and Capital expenditure budget are examples of (c) Long-term budget	1
	x. also known as subsidiary budgets. (b) Functional budget	1
Q.2	i. Meaning of Management Accounting.	2
	ii. Objectives of Management Accounting. (1 mark*3)	3
	iii. Distinguish between Management Accounting and Financial accounting. (1 mark*5)	5
OR	iv. Functions of Management Accounting and its advantages. (1 mark*5)	5
Q.3	i. Liquidity ratios. (1 mark*2)	2
	ii. (a) Current Ratio- 2.6:1 1 mark	4
	(b) Quick Ratio- 1:1 1 mark	
	(c) Debt-Equity Ratio- 1.67:1 1 mark	
	(d) Proprietary Ratio- 0.38:1 1 mark	
OR	iii. Uses and limitations of ratio analysis. (1 mark*8)	8
Q.4	i. Objectives of preparing fund flow statement. (1 mark*3)	3

	ii. Cash flow from operating activities: 18,000	7
	Fund.	1 mark
	Sources and uses of funds	(1 mark*6)
OR	iii. Functions of financial statements.	(1 mark*4)
	Comparative Statement of profit and loss.	4
	Profit after tax, 2018 is Rs. 1,00,000	1.5 mark
	Profit after tax, 2019 is Rs. 1,30,000	1.5 mark
	Absolute change is 30,000.	1.5 mark
	Percentage change is 30%	1.5 mark
Q.5	i. Common size statement of profit and loss.	6
	Profit before tax, 2017 is 4.00,000	1.5 mark
	Profit before tax, 2018 is 6,00,000	1.5 mark
	Percentage change, 2017 is 20%	1.5 mark
	Percentage change, 2018 is 24%	1.5 mark
	ii.	
OR	iii. Attempt any two:	
	iv. Budget.	1 mark
	Objectives of preparing budget.	(1 mark*4)
	v. Types of budgets briefly.	(1 mark*5)
	vi. Flexible budget.	5
	For 600 units:	2.5 mark
	Per unit is 1,630.66	
	Total cost is 9,78,400	
	For 800 units:	2.5 mark
	Per unit is 1,536.50	
	Total cost is 12,29,200	