

**Code : 313301**

**B.Com. Prof. 3rd Semester Theory Examination, 2017**

**Management Accounting**

**Time : 3 Hrs**

**Full Marks : 60**

**Instructions :**

- (i) The questions are of equal value.
- (ii) There are **Seven** questions in this Paper.
- (iii) Attempt **Five** questions in all.
- (iv) Question Nos. 1 & 2 are compulsory.

**Answer any six questions.**

**2×6=12**

(a) One can define management accounting as:

"The application of the principles of accounting and financial management to create, protect, preserve and increase value for the ..... of for-profit and not-for profit enterprises in the public and private sectors".

- (i) Auditors
- (ii) Stakeholders
- (iii) Owners

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(iv) Customers

(b) Which of the following statements are true?

- (1) The main role of the management accountants is to produce financial accounts.
- (2) Management accountants always work within the finance function.
- (3) Management accountants always work in partnership with business managers.

- (i) 1 and 2 only
- (ii) 2 and 3 only
- (iii) 1 and 3 only
- (iv) None of the above

(c) The main purpose of management accounting is

- (i) to help the management in decision making
- (ii) to analyse performance of the organisation
- (iii) to help the prospective investors in their investment decisions
- (iv) all the above

(d) The ideal level of liquid ratio is

- (i) 3:3

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- (ii) 4:4  
(iii) 5:5  
(d) All of the above
- (e) Which of the following is not included in current assets?
- (i) Debtors  
(ii) Stock  
(iii) Cash at bank  
(iv) Cash in hand
- (f) Determine Debtors turnover ratio if, closing debtors is Rs. 40,000, Cash sales is 25% of credit sales and excess of closing debtors over opening debtors is Rs. 20,000.
- (i) 4 times  
(ii) 2 times  
(iii) 6 times  
(iv) 8 times
- (g) Determine Working capital turnover ratio if, Current assets is Rs. 1,50,000, current liabilities is Rs. 1,00,000 and Cost of goods sold is Rs. 3,00,000.
- (i) 5 times

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- (ii) 6 times  
(iii) 3 times  
(iv) 1.5 times
- (h) If sales is Rs. 5,00,000 and net profit is Rs. 1,20,000. Net Profit ratio is
- (i) 24%  
(ii) 416%  
(iii) 60%  
(iv) None of the above
- (i) Which of the following are cash flow from financial activities?
- (A) Interest received  
(B) Dividend received  
(C) Interest paid  
(D) Dividend paid
- (i) Both A and B  
(ii) Both A and C  
(iii) Both C and D  
(iv) A, B, C and D

In the case of financial enterprises, the cash flow resulting from interest and dividend received and interest paid should be classified as cash flow from

- (i) Operating activities
- (ii) Financing activities
- (iii) Investing activities
- (iv) None of the above

Answer Any Three Questions:

4×3=12

- a) What are the objectives of Management Accounting?
- b) How does Management Accounting is different from Financial Accounting? https://www.akubihar.com
- c) What is common size financial statement analysis? Explain.
- d) Discuss the utilities for ratio analysis.

Answer any three of the following:

12×3=36

Discuss the important methods of Financial statement analysis?

What are the differences between cash flow statement and fund flow statement?

Discuss the important requirements for financial report writing?

Discuss the different types of report writing?

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6. ABC Distributors has the following Balance Sheet and Income Statement:

### Balance Sheet

Liabilities	Amount	Assets	Amount
Shareholders Equity (50,000 shares)	3,00,000	Long-term Assets	3,50,000
Long-term Debt	1,00,000	Cash	25,000
Account Payable	80,000	Accounts Receivables	60,000
Other Current Liabilities	20,000	Inventory	65,000
	5,00,000		5,00,000

### Income Statement

Particulars	Amount
Sales	9,00,000
Cost of Goods Sold	4,00,000
General, Administrative and Selling Expenses	1,00,000
Other Expenses	2,50,000
Net Income (PAT)	1,50,000

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are required to:

- a) Determine ABC distributor's liquidity position by calculating the Current ratio, Working Capital, the ratio of Current Assets to Total Assets, the ratio of Current Liabilities to Total Assets and the Cash Conversion cycle.
- (b) Calculate the current market price per share of ABC's Stock if its P/E ratio is eight.

Explain the detail process of cash flow analysis.

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