

B.Com III year (*pass course*)
Management Accounting
Model Paper - I

Max. Marks: - 100

Durations: - 3 Hrs.

1. All questions are compulsory. Each question carries 2 marks each and should be in word limit of 20 words.
 - i. What is the NPV?
 - ii. What is the profitability Index?
 - iii. What is cash flow statement
 - iv. Difference between cash flow and fund flow statement?
 - v. What do you mean by Activity Ratio?
 - vi. Explain the capital gearing ratio?
 - vii. Discuss financing activities?
 - viii. What do you mean dividend policy?
 - ix. Explain the walter model?
 - x. What do you mean by working capital?

2. All questions are compulsory. Each question carries 4 marks each and should be in word limit of 50 words.
 1. What is oprating and Financial Leverage?
 2. What is meant by capital Structure?
 3. Define Net Income approach?
 4. What is terminal Cash inflows?
 5. Compare the NPV with IRR Method?
 6. Explain Investing Activities in cash flows?
 7. Discuss liquidity ratio?
 8. Discuss the NOI approach?
 9. Explain the operating cycle method in working capital?
 10. Discuss the capital gearing ratio?

Attempt three questions in all each question carries 20 marks.

Q1 Define the Management Accounting and Discuss the functions and limitation of Management Accounting?

Or

Q2 From the follloing details prepare the summerisd balance sheet with as many details as possible:

Stock turnover (based on the cost of good sold)	6 times
Capital turnover ratio (based on the cost of good sold)	2
Fixed assets turnover ratio (based on the cost of good sold)	4
Gross profit ratio	20.00%
Debtors velocity	2 months
Creditors velocity	73 days

The gross profit was 60000 rs., Reserve and surplus 20000 Rs., Closing stock was Rs. 5000 excess of opening stock.

(25 Marks)

Q 3 Balance sheet of Mr. Ram and shyam on 1st april 2005 and 2006 were as follows?

Liabilities	2005	2006	assets	2005	2006
Creditors	40000	44000	cash	10000	7000
Mr Ram Loan	25000	-	Debtors	30000	50000
Loan from PN Bank	40000	50000	Stock	35000	25000
Capital	125000	153000	Machinery	80000	55000
			Land	40000	50000
			Building	35000	60000

During the year a machine costing Rs.10000 (accumulated depreciation rs.3000) was sold for Rs. 5000 . the balance of provision for depreciatio against machinery as on 1st April 2005 was Rs. 25000 and on 31st March 2006 rs.40000. Net profit for the year 2005-2006 amounted to rs. 45000. you are required to prepare cash flow statement giving necessary working notes.

Or

Q4 Critically examine the Traditional approach and Modigilani Millar approach of Capital structure theory?

(25 Marks)

Q 5 the selected financial data for A B C companies for the year ended 31st December 2004 are as follows

	A	B	C
Variable expenses as % of sales	62.67%	75%	50%
Interest expenses	Rs.200	Rs.300	Rs.1000
Degree of operating leverage	5	6	2
Degree of financial leverage	3	4	2
Income tax rate	50%	50%	50%

Prepare the income Statement for A B and C Company

Or

Q6 Explain the role of ratio analysis in the interpretation of Financial Statements. Examine the limitation of ratio analysis?



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Management Accounting
Model Paper - II

Max. Marks: - 100

Durations: - 3 Hrs.

Very Short Question (Attempt Any Five and Each Question carry 4 Marks)

1. What is meant by capital Structure?
2. Define Net Income approach?
3. What is terminal Cash inflows?
4. Compare the NPV with IRR Method?
5. Explain Investing Activities in cash flows?
6. Discuss liquidity ratio?
7. Discuss the NOI approach?
8. Explain investing activities?
9. Define Profitability ratio?
10. Explain the term leverage?

Short Questions (Attempt Any Five and Each Question carry 6 Marks)

1. If the sales of company are rs. 500000. variable cost is 70% of sales and fixed cost are Rs. 100000. what will be its operating leverage.
2. How does capital structure differs from Capitalisation.
3. Give the assumption of M-M theory of Capital Structure.
4. Define the discounted pay back period?
5. Explain the concept of capital budgeting?
6. Difference between cash flow and fund flow statement?
7. What do you mean by Activity Ratio?
8. Difference between financial and operating leverage?
9. Explain the NOI theory?
10. Difference between NI and NOI theory?

Easy Type Questions

Q1 The following details of A Ltd for the year ended 31st march 2014 are furnished below

Operating leverage = 3:1

Financial leverage = 2:1

Interest charge per annum = Rs. 20 lakh

Corporate tax rate 50%

Variable cost as percentage of Sales 50%

Prepare the income statement.

Or

Q2 Critically examine the Traditional approach and Modigliani Miller approach of Capital structure theory?

(25 Marks)

Q3 A ltd are considering two different investment prosal . The details are as under:

	Proposal A	Proposal B
Investment cost	9500	20000
Estimated cash flow at the end of		
1	4000	8000
2	4000	8000
3	4500	12000

(A) Suggest the most attractive proposal on the basis of Excess present value method considering the future cash flows are discounted at 12%.

(B) Also Find out the IRR of the two proposals.

Or

Q4 Explain the role of ratio analysis in the intreprétation of Financial Statements. Examine the limitation of ratio analysis?

(25 Marks)

Q5 Explain the significance and application of the technique of discounted cash flow.

Or

Q6 From the following details prepare the summarized balance sheet with as many details as possible:

Stock turnover (based on the cost of good sold)	6 times
Capital turnover ratio (based on the cost of good sold)	2
Fixed assets turnover ratio (based on the cost of good sold)	4
Gross profit ratio	20.00%
Debtors velocity	2 months
Creditors velocity	73 days

The gross profit was 60000 rs., Reserve and surplus 20000 Rs.,. Closing stock was Rs. 5000 excess of opening stock.