**Q1. Explain the difference between financial accounting & management accounting. (Any five)**

**Ans-**

Managerial accounting and Financial accounting are two of the four prime branches of the accounting systems. The remaining two are  auditing and tax accounting. In spite of number of similarities in usage and approach, there are noteworthy differences between managerial and financial accounting. These differences primarily center around compliance,

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**Q.2**

**Ms. Torna Hawkins was interested in controlling her company’s inventory because she knew that excess inventories were expensive in that they tied up funds. On the other hand, insufficient inventory levels could result in lost sales. Ms. Hawkins obtained the following inventory information from her trade association, which reported average figures for companies similar to hers:**

|  |  |  |  |
| --- | --- | --- | --- |
|

|  |  |
| --- | --- |
|  **Days’ Inventory**  |  |

 | **38 days** |
| **Inventory turnover** | **11 times** |

**Ms. Hawkins had the following information from last year, which she considered to be a typical year for her company:**

|  |  |  |
| --- | --- | --- |
|  **Cost of goods sold**  |  **$ 300,000**  |  |
|  **Beginning inventory**  |  **$ 58,160**  |  |
|  **Ending inventory**  |  **$ 62,880**  |  |

**Required:**

**a) How does Ms. Hawkins company’s inventory compare with other similar companies?**

**b) If required, provide suitable suggestions to Ms. Hawkins. (Any two)**

**Q3. The following information is from Solid Rock’s financial records:**

|  |  |  |  |
| --- | --- | --- | --- |
| **Month**  |  **Sales**  |  **Purchases**  |  |
|  **July**  |  **$180,000**  |  **$105,000**  |  |
|  **August**  |  **$165,000**  |  **$120,000**  |  |
|  **September**  |  **$150,000**  |  **$90,000**  |  |
|  **October**  |  **$195,000**  |  **$135,000**  |  |

**Collections from customers are normally 70 percent in the month of sale, 20 percent in the month following the sale, and 9 percent in the second month following the sale. The balance is expected to be uncollectible. All purchases are on account. Management takes full advantage of the 2 percent discount allowed on purchases paid for by the tenth of the following month. Purchases for November are budgeted at $150,000, and sales for November are forecasted at $165,000. Cash disbursements for expenses are expected to be $36,000 for the month of November. The company’s cash balance on November 1 was $55,000.**

**Required: Prepare the following schedules.**

**1. Expected cash collections during November.**

**2. Expected cash disbursements during November.**

**3. Expected cash balance on November 30.**

1. (1) Cash collections (Nov)

 $ 195000 **X** 20% = $ 39000