

FOR THE CANDIDATES ADMITTED
DURING THE ACADEMIC YEAR 2020 ONLY)

20UBP618

REG.NO

NGM COLLEGE (AUTONOMOUS) POLLACHI

END-OF-SEMESTER EXAMINATIONS: MAY-2023

B.Com-Business Process Services

MAXIMUM MARKS: 70

VI SEMESTER

TIME: 3 HOURS

PART III

MANAGEMENT ACCOUNTING

SECTION – A

(10 X1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS

MULTIPLE CHOICE QUESTIONS

(K1)

1. Management accounting helps management in _____
(a) Preparation of final accounts (b) Raising finance
(c) Filing tax returns (d) Decision making
2. Which is the ratio for current assets to current liabilities ?
(a) Liquid ratio (b) Current ratio
(c) Acid test ratio (d) Cash position ratio
3. Which of the following is usually a long term budget?
(a) Fixed budget (b) Flexible budget
(c) Sales budget (d) Capital Expenditure budget
4. In fund flow statement, issue of share is _____
(a) Sources of funds (b) Applications of funds
(c) Sources of cash (d) Applications of cash
5. Contribution margin is equal to _____
(a) Sale-Fixed cost - profit (b) Sales - profit
(c) Fixed cost - loss (d) Profit + variable cost

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES

(K2)

6. What are the two objectives of Management accounting?
7. How to calculate gross profit ratio?
8. Why is working capital required ?
9. What is Cash from operation?
10. Write a note on break-even point.

SECTION – B

(5 X 4 = 20 MARKS)

ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K3)

11. a) 'Management accounting is accounting for effective Management' Explain the statement .

(OR)

- b) Explain the objectives of Management accounting.

12. a) From the following find out current ratio:
 Total liabilities Rs.5,00,000
 Long term liabilities Rs.2,80,000
 Total current assets Rs.3,40,000(including cash at bank Rs.50,000).

(OR)

- b) From the following compute the value of stock
 Sales Rs.10,00,000
 Gross profit ratio 25 %
 Stock turn over ratio 10
 Closing stock is more than opening stock by Rs.25,000.
13. a) For the production of 10,000 electrical automatic irons the following are the budgeted expenses.
- | | |
|--------------------|----------------|
| Direct material | Rs.60 per unit |
| Direct labour | Rs.30 per unit |
| Variable overheads | Rs.25 per unit |
| Fixed overheads | Rs.1,50,000 |
- Selling overhead (10%Fixed) Rs.20 per unit prepare a budget for 8,000 units.

(OR)

- b) From the following particulars, prepare a production budget for the year ending 31/03/2022.

Product	Estimated stock on 1.01.2022(units)	Estimated sales during Jan to March 2022(units)	Desired closing stock on 31.03.2022(units)
A	2,000	10,000	5,000
B	3,000	15,000	4,000
C	4,000	13,000	3,000
D	5,000	12,000	2,000

14. a) Calculate funds from operation from the following profit and loss account.

	Rs		Rs
Expenses paid and outstanding	3,00,000	Gross profit	4,50,000
Depreciation	70,000	Gain on sale of land	60,000
Loss on sale of machine	4,000		
Discount	200		
Goodwill	20,000		
Profit	1,15,800		
	5,10,000		5,10,000

(OR)

- b) From the following balance sheet of Mr.Arun and Co prepare a statement showing changes in working capital during 2021.

Balance Sheets of Mr.Arun and Co Ltd. As on 31st December 2021.

(CONTD.....3)

Liabilities	2020	2021	Assets	2020	2021
Sharecapital	6,00,000	6,00,000	Fixed assets	10,00,000	11,20,000
Reserves	50,000	1,80,000	Less depreciation		
Profit&loss account	40,000	65,000		<u>3,70,000</u>	<u>4,60,000</u>
Debenture	3,00,000	2,50,000	Stock	6,30,000	6,60,000
Creditors for goods	1,70,000	1,60,000	Book debts	2,40,000	3,70,000
Provision for Income tax	60,000	80,000	Cash in hand and at bank	2,50,000	2,30,000
			Preliminary expenses	80,000	60,000
				20,000	15,000
	12,20,000	13,35,000		12,20,000	13,35,000

14. a) For the production of 10,000 electrical automatic irons the following are the budgeted expenses.

Direct material Rs.60 per unit

Direct labour Rs.30 per unit

Variable overheads Rs.25 per unit

Fixed overheads Rs.1,50,000

Selling overhead (10%Fixed) Rs.20 per unit prepare a budget for 8,000 units.

(OR)

- b) From the following particulars, prepare a production budget for the year ending 31/03/2022.

Product	Estimated stock on 1.01.2022(units)	Estimated sales during Jan to March 2022(units)	Desired closing stock on 31.03.2022(units)
A	2,000	10,000	5,000
B	3,000	15,000	4,000
C	4,000	13,000	3,000
D	5,000	12,000	2,000

15. a) The following are the budgeted data of Jaihind company:

	Rs.	Rs.
Sales 15,000 units @ Rs.5		75,000
Less Fixed costs	28,000	
Variable costs	15,000	
Operating profit		43,000
Add other incomes	9,000	
Less other expenses	3,000	6,000
Net profit		38,000

How would you compute Break Even Point?

(OR)

- b) Calculate P/V ratio from the following given below:

Marginal cost Rs.2,400

Selling price Rs.3,000

(CONTD.....4)

SECTION – C (4 X 10 = 40 MARKS)

ANSWER ANY FOUR OUT OF SIX QUESTIONS.

(16TH QUESTION IS COMPULSORY AND ANSWER ANY THREE QUESTIONS FROM Q.NO: 17 TO 21)

(K4) OR (K5)

16. Total sales Rs.3,60,000 ; Selling prices per unit Rs.100
Variable cost per unit Rs.50 ; Fixed cost Rs.1,00,000
From the above information, calculate (i) P/V ratio (ii) Break even point (iii) Margin of Safety and (iv) If the selling price is reduced to Rs.90, by how much is the margin of safety reduced?
17. Distinguish between Management Accounting and Financial accounting.
18. From the following information, prepare a summarized Balance Sheet as on 31.01.2023.
Working capital Rs.1,20,000
Reserves and surplus Rs.80,000
Bank overdraft Rs.20,000
Fixed assets to proprietary ratio 0.75:1
Current ratio 2.5:1
Liquid ratio 1.5:1.
19. Draw a flexible budget for overhead expenses on the basis of the following data:

	At 70% capacity	At 80% capacity	At 90% capacity
Variable overheads:			
Indirect labour	-	12,000	-
Stores including spares	-	4,000	-
Semi variable overheads: Power(30% fixed)	-	20,000	-
Repairs maintenance (40% variable)	-	2,000	-
Fixed overheads:	-		-
Depreciation		11,000	
Insurance	-	3,000	-
Salaries	-	10,000	-
Total overheads	-	62,000	-

(CONTD.....5)

20. The following are the summarized balance sheets of Shivaji Industries Ltd. As on 31st December 2018, 2019 and 2020.

Prepare funds flow statement for 2019 and 2020.

	2018	2019	2020		2018	2019	2020
Share capital	4,000	5,000	6,000	Machinery	7,000	8,000	9,000
Profit & Loss a/c	600	2,500	3,400	(-)provisions	700	800	900
8% debentures	5,000	8,000	6,000	Land	6,300	7,200	8,100
Bank loan				Stock	4,700	5,800	15,900
Creditors	10,000	15,000	17,000	Debtors	2,000	13,000	11,000
Bills payable	1,000	3,000	2,000	Cash	3,000	0	6,000
	5,000	8,000	10,000	Bank	1,000	5,000	1,000
Proposed dividend					9,000	4,000	3,000
	400	500	600			7,000	
	26,000	42,000	45,000		26,000	42,000	45,000
					0	0	

21. Assuming that the cost structure and selling prices remain the same in periods I and II , find out :
- P/V Ratio
 - Break even sales
 - Profit when sales are Rs.1,00,000
 - Sales required to earn a profit of Rs.20,000
 - Margin of safety in IInd period

Period	Sales Rs.	Profit Rs.
I	1,20,000	9,000
II	1,40,000	13,000

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