

(FOR THE CANDIDATES ADMITTED

20PCC414

DURING THE ACADEMIC YEAR 2020 ONLY)

REG.NO. :

N.G.M.COLLEGE (AUTONOMOUS) : POLLACHI

END-OF-SEMESTER EXAMINATIONS: JULY-2022

M.COM.-CA

MAXIMUM MARKS: 70

IV SEMESTER

TIME : 3 HOURS

ACCOUNTING FOR DECISION MAKING**SECTION - A****(10 X 1 = 10 MARKS)****ANSWER THE FOLLOWING QUESTIONS.****(K1)****MULTIPLE CHOICE QUESTIONS.**

- The prime function of management accounting is to_____.
 a) Assist tax authorities
 b) Assist the management in performing its functions effectively
 c) Interpret the financial data
 d) Record business transactions
- Which of the following is non-current asset?
 a) Goodwill
 b) Debtors
 c) Stock
 d) Prepaid rent
- Cash flows include_____.
 a) Cash payments only
 b) Cash receipts only
 c) Cash receipts and payments
 d) Cash and non-cash incomes and expenses
- Contribution margin is equal to_____.
 a) Fixed cost – loss
 b) Profit + variable cost
 c) Sales - fixed cost - profit
 d) Sales + fixed cost + profit
- The budget is_____.
 a) A post-mortem analysis
 b) A substitute of management
 c) An aid to management
 d) Sales

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES**(K2)**

- Define management accounting.
- Explain how accounting ratios are classified.
- Define fund flow statement.
- Short note on “Contribution”.
- Explain the term Budget.

SECTION – B**(5 X 4= 20 MARKS)****ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K3)**

- a) Examine the limitations of management accounting.
 (OR)
 b) Distinguish between management accounting and cost accounting.

- a) The following is the Balance Sheet of Bhuvaneshwara Ltd. as on 30th June 2011:

Balance Sheet

Liabilities	Rs.	Assets	Rs.
Equity Share Capital	3,00,000	Fixed Assets	6,00,000
9% Pref. Share Capital	1,00,000	Investments	50,000
10% Debentures	2,00,000	Current Assets	2,50,000
Reserves and Surplus	50,000		
Long Term Loans	25,000		
Current Liabilities	2,25,000		
	9,00,000		9,00,000

(CONTD...2)

Calculate:

- Debt-Equity Ratio (Long-Term Debt to Equity)
- Proprietary Ratio
- Solvency Ratio
- Fixed Assets to Proprietors Funds Ratio

(OR)

b) Following ratios are related to the trading activities of National Traders Ltd.

Debtor's Velocity	- 3 Months
Stock Velocity	- 8 Months
Creditor's Velocity	- 2 Months
Gross profit Ratio	- 25%

Gross profit for the year ended 31st December 2012 amount to Rs.4,00,000. Closing Stock of the year is Rs.10,000 above the Opening Stock. Bills Receivable amount to Rs.25,000 and Bills Payable to Rs.10,000.

Find out:

- Sales.
- Sundry Debtors.
- Closing Stock.
- Sundry Creditors

13. a) Calculate funds from operations from the following Profit and Loss Account:

Profit and Loss Account

	Rs.		Rs.
To Expenses paid	3,00,000	By Gross Profit B/D	4,50,000
To Depreciation	70,000	By Gain on sale of land	60,000
To Loss on sale of machine	4,000		
To Discount	200		
To Goodwill	20,000		
To Net profit	1,15,800		
	5,10,000		5,10,000

(OR)

b) Distinguish between cash flow and fund flow statement.

14. a) From the following particulars, calculate:

- Break-even point in terms of sales value and in units.
- Number of units that must be sold to earn a profit of Rs.90,000.

	Rs.
Fixed Factory Overheads Cost	60,000
Fixed Selling Overheads Cost	12,000
Variable Manufacturing Cost per unit	12
Variable Selling Cost per unit	3
Selling Price per unit	24

(OR)

b) A manufacturing company finds that while the cost of making a component No. 0.51 in its own workshop is Rs.8.00 each, the same is available in market at Rs.6.50 with an assurance of continuous supply. Give your suggestion whether to make or buy this component. Give also your views in case the supplier reduces the price from Rs.6.50 to Rs.5.50.

The cost data is as follows:

	Rs.
Materials	3.00
Direct labour	2.00
Other Variable Expenses	1.00
Depreciation and other Fixed Expenses	2.00
	8.00

(CONTD...3)

15. a) The sales director of a manufacturing company reports that next year he expects to sell 40,000 units of a particular product. The production department gives the following figures:
Two kinds of raw materials A and B are required for manufacturing the product.
Each product requires 3 units of material A and 2 units of material B.
The estimated opening balances next year will be:
Finished product -10,000 units, material A-12,000 units, material B - 15,000 units.
The desirable closing balances at the end of the year are:
Finished product -16,000 units, material A -14,000 units, material B - 15,000 units.
Draw up a materials purchase budget.

(OR)

- b) X Y Co. wishes to arrange overdraft facilities with bankers during the period April to June of a particular year, when it will be manufacturing mostly for stock. Prepare a cash budget for the above period from the following data, indicating the extent of the bank facilities, the company will require at the end of each month:

(a)

Month	Sales (Rs.)	Purchases (Rs.)	Wages (Rs.)
February	1,80,000	1,24,800	12,000
March	1,92,000	1,44,000	14,000
April	1,08,000	2,43,000	11,000
May	1,74,000	2,46,000	10,000
June	1,26,000	2,68,000	15,000

- (b) 50% of the credit sales are realized in the month following the sales and the remaining sales in second month following.
(c) Creditors are paid in the following month of purchase.
(d) Cash at bank on 1st April Rs.25,000.

SECTION - C

(4 X 10 = 40 MARKS)

ANSWER ANY FOUR OUT OF SIX QUESTIONS

(16th QUESTION IS COMPULSORY AND ANSWER ANY THREE QUESTIONS

(FROM Qn. No : 17 to 21)

(K4 (Or) K5)

16. The income statements of a concern are given for the year ending on 31st December 2003 and 2004. Re-arrange the figures in a comparative form and study the profitability position of the concern.

	2003 Rs. (000)	2004 Rs. (000)
Net sales	785	900
Cost of goods sold	450	500
Operating expenses:		
General and administrative expenses	70	72
Selling expenses	80	90
Non-operating expenses:		
Interest paid	25	30
Income tax	70	80

17. Discuss the nature and scope of management accounting.

18. From the following information, make out a statement of Proprietors' Funds with as many details as possible.

1. Current Ratio - 2.5
2. Liquid Ratio - 1.5
3. Proprietary Ratio (Fixed Assets / Proprietors Funds) - 0.75
4. Working Capital - Rs.60,000
5. Reserves and Surplus - Rs.40,000
6. Bank Overdraft - Rs.10,000
7. There is no long-term loan or fictitious assets

(CONTD...4)

