

(FOR THE CANDIDATES ADMITTED
DURING THE ACADEMIC YEAR 2020-21 ONLY)

SUB CODE **20 UPA 617**

REG.NO.

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

END-OF-SEMESTER EXAMINATIONS: MAY – 2023

B.Com. – P.A.

MAXIMUM MARKS: 70

VI SEMESTER

TIME : 3 HOURS

PART – III

MANAGEMENT ACCOUNTING

SECTION - A

(10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS.

MULTIPLE CHOICE QUESTIONS.

(K1)

1. 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
2. Debt - equity ratio is a.....
 - a. Profitability ratio
 - b. Turnover ratio
 - c. Short-term Solvency ratio
 - d. Long-term Solvency ratio
3. Which of the following will result into application of funds?
 - a. Sale of Plant
 - b. Issue of Share Capital
 - c. Purchase of Land
 - d. Payment to Creditors
4. The budget is
 - a. a post-mortem analysis
 - b. a substitute of management
 - c. an aid to management
 - d. sales
5. P/V ratio is
 - a. price volume ratio
 - b. price variance ratio
 - c. contribution to sales ratio
 - d. total cost to sales ratio

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES

(K2)

6. Define Management Accounting.
7. List any four limitations of ratio analysis.
8. Define Fund Flow Statement.
9. What is meant by 'Budget'?
10. Write short notes on "Contribution".

(CONTD.....2)

SECTION – B

(5 X 4 = 20 MARKS)

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

(K3)

11. a) Explain the objectives of management accounting.

(OR)

- b) Explain the scope of management accounting.

12. a) Following information is given to you

(i) Current Ratio = 2.5

(ii) Working Capital = Rs.90,000

Find out:

(a) Current Assets, and (b) Current Liabilities.

(OR)

- b) From the following information, calculate average payment period:

	Rs.
Total Purchases	4,00,000
Cash Purchases – (included in above)	50,000
Purchases Returns	20,000
Creditors at the end	60,000
Bills Payable at the end	20,000
Reserve for Discount on Creditors	5,000
Take 365 days in a year	

13. a) B.M. Company presents the following information and you are required to calculate funds from operation:

Profit and Loss Account

	Rs.		Rs.
To Expenses:		By Gross profit	2,00,000
Operation	1,00,000	By Gain on sales of profit	20,000
Depreciation	40,000		
To loss on sales of building	10,000		
To Advertisement Suspense A/c	5,000		
To Discount (allowed to customer)	500		
To Discount on Issue of shares Written off	500		
To Goodwill	12,000		
To Net Profit	52,000		
	2,20,000		2,20,000

(OR)

- b) Calculate net cash flows from investing activities from the following information:

	31-3-2013 Rs.	31-3-2014 Rs.
Buildings (w.d.v.)	6,00,000	7,50,000

Additional Information:

- (i) Building costing Rs.1,00,000 on which Rs.30,000 had accumulated as depreciation was sold for Rs.60,000.

- (ii) Depreciation charged on buildings for the year ended 31.3.2014 Rs.50,000.

(CONTD.....3)

14. a) 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.

(OR)

- b) Peerless Ltd. is engaged in customer retailing. You are required to forecast their Working Capital Requirements from the following information.

Projected annual sales	: Rs.6,50,000
% of Net Profit to cost of sales	: 25%
Average credit allowed to debtors	: 10 Weeks
Average credit allowed by creditors	: 4 Weeks
Average stock carrying (in terms of sales requirement)	: 8 Weeks
Add 20% to allow for contingencies.	

15. a) From the following particulars, calculate:
(i) Break-even point in terms of sales value and in units.
(ii) 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 TV manufacturer finds that while it costs Rs.625 to make a part and the same is available in the market Rs.575.

	Rs.
Material	275
Labour	175
Variable Expenses	50
Fixed Expenses	125
	625

Should he make or buy the part?

(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

(K4 (Or) K5)

16. The Balance Sheets of M/s A and B on 31-3-2015 and 31-3-2016 were as follows:

Liabilities	31.3.2015	31.3.2016	Assets	31.3.2015	31.3.2016
Creditors	1,20,000	1,32,000	Cash	30,000	21,000
Mrs A's Loan	75,000	-	Debtors	90,000	1,50,000
Loan from Bank	1,20,000	1,50,000	Stock	1,05,000	75,000
Capital	3,75,000	4,59,000	Machinery	2,40,000	1,65,000
			Land	1,20,000	1,50,000
			Building	1,05,000	1,80,000
	6,90,000	7,41,000		6,90,000	7,41,000

During the year a machine costing Rs.30,000 (accumulated depreciation Rs.9,000) was sold for Rs.15,000. The provision for depreciation against machinery as on 31.3.2015 was Rs.75,000 and on 31.3.2016 Rs.1,20,000. Net profit for the year ended 31.3.2016 amounted to Rs.1,35,000.

Prepare Cash Flow Statement.

17. Distinguish between management accounting and financial accounting.

18. The following figures relate to a firm for the year ended on 31.12.2020.

Trading & Profit and Loss Account

	Rs.		Rs.
To Opening Stock	75,000	By Sales	5,20,000
To Purchases	3,25,000	Less: Returns	20,000
To Gross Profit	2,00,000	By Closing stock	1,00,000
	6,00,000		6,00,000
To Operating Expenses:		By Gross Profit	2,00,000
Administration	40,000	By Non-Operating Income:	
Selling & Distribution	25,000	Dividend	9,000
To Non-Operating Expenses:		Profit on sale of shares	11,000
Loss on sale of assets	5,000		20,000
To Net profit	1,50,000		
	2,20,000		2,20,000

(CONTD.....5)

Balance Sheet as on 31.12.2020

Liabilities	Rs.	Assets	Rs.
Issued Capital:		Land & Building	1,50,000
2,000 Equity shares of Rs.100 each	2,00,000	Plant & Machinery	80,000
Reserves	90,000	Stock	1,60,000
Current liabilities	1,50,000	Debtors	80,000
P & L Account	60,000	Cash and Bank	30,000
	5,00,000		5,00,000

Calculate:

- Gross profit
- Operating ratio
- Operating profit ratio
- Net profit ratio
- Expenses ratio
- Stock turnover ratio
- Return on total resources
- Turnover to fixed assets
- Turnover to total assets

19. The following are the summaries of the balance sheets of Praveen Ltd., as on 31st December, 2001 and 2002:

Liabilities	2001 Rs	2002 Rs	Assets	2001 Rs	2002 Rs
Share capital	2,00,000	2,50,000	Land and Building	2,00,000	1,90,000
General Reserve	50,000	60,000	Plant	1,50,000	1,74,000
Profit & Loss A/c	30,500	30,600	Stock	1,00,000	74,000
Bank loan (short- term)	70,000	-	Debtors	80,000	64,200
Creditors	1,50,000	1,35,200	Cash	500	600
Provision for Taxation	30,000	35,000	Bank	-	8,000
	5,30,500	5,10,800		5,30,500	5,10,800

Additional Information:

- Depreciation was written off plant Rs. 14,000 in 2002.
- Dividend of Rs.20,000 was paid during 2002.
- Income Tax provision made during the year was Rs. 25,000.
- A piece of land has been sold during the year at cost.

You are required to prepare a statement showing sources and application of funds for year 2002 and a schedule of changes in working capital.

(CONTD.....6)

20. Draw up a flexible budget for overhead expenses on the basis of the following data and determine the overhead rates at 70%, 80% and 90% capacity.

	70% Capacity (Rs.)	80% Capacity (Rs.)	90% Capacity (Rs.)
Variable overheads:			
Indirect labour	-	12,000	-
Stores including spares	-	4,000	-
Semi-variable overheads:			
Power (30% fixed,70% variable)	-	20,000	-
Repairs and maintenance (60% fixed,40% variable)	-	2,000	-
Fixed overheads:			
Depreciation	-	11,000	-
Insurance	-	3,000	-
Salaries	-	10,000	-
Total overheads		62,000	
Estimated direct labour hours	-	1,24,000 Hrs	-

21. Present the following information to show clearly to management.
- (a) The marginal product cost and the contribution per unit.
- (b) The total cost contribution and profit resulting from each of the following mixtures.

	Product	Price per unit (Rs)
Direct Material	A	10
Direct Material	B	9
Direct Wages	A	3
Direct Wages	B	2
Fixed ExpensesRs. 800		
Variable expenses are allotted to the product as 100% of direct wages		
	Product	Price per unit (Rs)
Sales price	A	20
Sales price	B	15

Sales Mixtures:

- (a). 100 units of product A and 200 of B .
- (b). 150 units of product A and 150 of B.
- (c). 200 units of product A and 100 of B.