

(FOR THE CANDIDATES ADMITTED

19UCF619

DURING THE ACADEMIC YEAR 2019 ONLY)

REG.NO.

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

END-OF-SEMESTER EXAMINATIONS: JULY 2022

B.COM. FINANCE

MAXIMUM MARKS: 75

SEMESTER: VI

TIME: 3 HOURS

PART - III

MANAGEMENT ACCOUNTING

SECTION - A

(10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS.

MULTIPLE CHOICE QUESTIONS.

1. Management accounts analyses accounting data with the help of _____.
a) Tools and techniques b) Statutory forms
c) Auditors d) None of these
2. Issue of Bonus shares out of Reserves _____.
a) Increases working capital b) Decreases working capital
c) Does not affect working capital d) None of these
3. Cash flow statement facilitates analysis of _____.
a) Liquidity b) Long-term solvency
c) Profitability d) Capital structure
4. A key factor is _____.
a) Budget factor b) Limiting factor
c) Cost factor d) None of these
5. Break even chart is a chart of _____.
a) Sales b) Total cost c) Profit d) Sales and total cost

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES

6. What is meant by financial statements?
7. Write note on Ratio analysis.
8. How do you ascertain cash from operation?
9. Define 'Budgetary control'?
10. What is P/V Ratio?

SECTION - B

(5 X 5 = 25 MARKS)

ANSWER EITHER (A) OR (B) IN EACH OF THE FOLLOWING QUESTIONS

11. (a) Explain the Characteristics of Management Accounting?

(OR)

(b) Differentiate between 'Management Accounting' and 'Cost Accounting'.

12. (a) Compute the pay-out ratio and retained earnings ratio from the following data:

Net Profit	Rs.10,000	Provision for tax	Rs.5,000
No.of equity shares	3,000	Preference dividend	Rs.2,000
Dividend per equity share	40 paise		

(OR)

(CONTD...2)

b) Calculate: Gross profit ratio and Net profit ratio, Operating, Operating Profit Ratio and Operating expenses ratio from the below given particulars :

	Rs.		Rs.
Sales	1,00,000	Purchases	60,000
Sales returns	10,000	Purchases Returns	15,000
Opening Stock	20,000	Closing Stock	5,000
Administrative expenses	10,000	Selling expenses	1,000
Income from investments	5,000		

Tax rate : 40%

13. (a) From the following details, Calculate funds from operations:

	Rs		Rs.
Salaries	5,000	Discount on issue of	2,000
Rent	3,000	Debentures	
Refund for tax	3,000	Provision for bad debts	1,000
Profit on sale of building	5,000	Transfer to general reserve	1,000
Depreciation on Plant	5,000	Preliminary Expenses	3,000
Provision for Tax	4,000	Written off	
Loss on sale of Plant	2,000	Goodwill Written off	2,000
Closing balance of P&L a/c	60,000	Proposed Dividend	6,000
Opening balance of P&L a/c	25,000	Dividend received	5,000

(OR)

(b) From the following information, calculate cash flows from operating activities under direct method:

	Rs.
Cash sales	50,000
Credit sales	1,50,000
Collections from debtors	1,40,000
Cash purchases	30,000
Credit purchases	60,000
Payment to creditors	50,000
Wages paid	60,000
Salaries paid	10,000
Stationary expenses paid	2,000
Depreciation on buildings	5,000
Goodwill written off	10,000
Income tax paid	5,000

14 (a) Kailash Bros. submits the following figures of product X for the first quarter of 2008.

Sales (units)	January	10,000
	February	8,000
	March	12,000

Selling price per unit Rs. 10.

It is estimated that by reducing the selling price by 10% and by intensive sales promotion measures, the sale of product X in the first quarter of 2008 will increase by 20%.

A study of the past experience reveals that Kailash Bros. has lost about 3% of its billed revenue in each quarter because of returns (constituting 2% of loss of revenue) allowances and bad debts (1% loss). Prepare a sales budget incorporating the above information.

(OR)

(b) Cost sheet of a company provides the following particulars. Raw materials 40%, Labour 10%, Overheads 30%.

The following details are also available.

(CONTD...3)

- (i) Raw materials remain in stores for 6 weeks.
- (ii) Processing time - 4 weeks.
- (iii) Finished goods are in stock for 5 weeks.
- (iv) Period of credit allowed to debtors 10 weeks.
- (v) Lag in payment of wages 2 weeks.
- (vi) Period of credit allowed by creditors 4 weeks.
- (vii) Selling price Rs. 50 per unit.
- (viii) Production in units 13,000 per annum.

Prepare an estimate of working capital.

15. (a) Calculate Break-Even point from the following particulars:

	Rs.
Fixed Expenses	1,50,000
Variable Cost per unit	10
Selling Price per unit	15

(OR)

(b) You are required to calculate from the following figures:

- (a) P.V. ratio (b) Margin of safety (c) Sales (d) Variable cost

	Rs.
Fixed cost	12,000
Profit	1,000
Break-Even Sales	60,000

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)

16. BPL Ltd. wishes to arrange overdraft facilities with its bankers during the period April to June 2008 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:

	Credit Sales Rs.	Purchases Rs.	Wages Rs.
February 2008	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

- (a) 50% of credit sales are realised in the month following the sales and the remaining 50% in the second month following.
- (b) Creditors are paid in the month following the month of purchase. Lag in payment of wages 1 month.
- (c) Cash at bank on 1-4-2008 (estimated) Rs. 25,000

(CONTD...4)

17. Explain the Scope of Management Accounting.

18. From the Following is the Balance Sheet of Y Ltd.

Liabilities	Rs.	Assets	Rs.
Equity share Capital	1,00,000	Cash- in- Hand	2,000
6% Preference share Capital	1,00,000	Cash at Bank	10,000
7% Debentures – 10 years	40,000	Bills Receivable	30,000
8% Public Debt – 5 years	20,000	Investments (Short-term)	20,000
Bank Overdraft	40,000	Debtors	70,000
Creditors	60,000	Stock	40,000
Outstanding Creditors	7,000	Furniture	30,000
Proposed Dividend	10,000	Machinery	1,00,000
Reserves	1,50,000	Land & buildings	2,20,000
Provision for Taxation	20,000	Goodwill	35,000
Profit & Loss a/c	20,000	Preliminary Expenses	10,000
	5,67,000		5,67,000

During the year provision for taxation was Rs.20,000. Dividend proposed was Rs.10,000. Profit carried forward from the last year was Rs.15,000. You are required to calculate (a) Short – term solvency ratios and (b) Long – term solvency ratios.

19. The Balance Sheet of MOON Limited for the year ended 31st December 1998 and 1999 are as follows:

Liabilities	1998 Rs	1999 Rs	Assets	1998 Rs	1999 Rs
Share Capital	80,000	1,20,000	Freehold	55,400	1,13,200
Share Premium	8,000	12,000	Premises		
General Reserve	6,000	9,000	Plant &	35,600	51,300
Profit & Loss a/c	19,500	20,800	Machinery		
5% Debentures	--	26,000	Furniture &	2,400	1,500
Income Tax Provision	9,800	10,900	Fixtures		
Creditors	33,500	36,400	Stock	22,100	26,000
			Debtors	36,500	39,100
			Bank	4,800	4,000
	1,56,800	2,35,100		1,56,800	2,35,100

Depreciation written off during the year 1999 was as under.

Plant & machinery - Rs.12,800

Furniture & Fixtures - Rs.400

Prepare a Statement of Sources and Uses of Funds.

20. The management of a company finds that while the cost of making a component part is Rs. 10, the same is available in the market at Rs. 9 with an assurance of continuous supply. Give a suggestion whether to make or buy this part. Give also your views in case the supplier reduces the price from Rs. 9 to Rs. 8.

The cost information is as follows:

	Rs.
Material	3.50
Direct Labour	4.00
Other variable Expenses	1.00
Fixed Expenses	1.50
Total	10.00

(CONTD...5)

21. The expected for budgeted productions of 10,000 units in a factory are furnished below:

	Per Unit Rs.
Material	70
Labour	25
Variable Overheads	20
Fixed Overheads (Rs. 1,00,000)	10
Variable Expenses (Direct)	5
Selling Expenses (10% Fixed)	13
Distribution Expenses (20% Fixed)	7
Administrative Expenses	5
Total Cost Per Unit	155

Prepare a budget for production of:

- (i) 8,000 Units
- (ii) 6,000 Units
- (iii) Indicate cost per unit at both the levels.

Assume that administration expenses are fixed for all levels of production.
