

NGM COLLEGE (AUTONOMOUS) POLLACHI
END-OF-SEMESTER EXAMINATIONS: JUNE-2022

B.COM -BPS
VI SEMESTER

MAXIMUM MARKS: 75
TIME: 3 HOURS

PART III

MANAGEMENT ACCOUNTING

SECTION – A (10 X1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS

MULTIPLE CHOICE QUESTIONS

(K1)

1. Management Accounting involves: _____
 - a) Preparation of Financial Statements
 - b) Analysis and Interpretation of data
 - c) Recording of Transactions
 - d) Attain Non-Economic Goals

2. Payout ratio means _____
 - a) Ratio of debtors to creditors
 - b) Ratio of earning that are distributed through dividends
 - c) Ratio of profit distributed to profit retained
 - d) Ratio of stock turnover

3. Working capital is also known as _____
 - a) Operating Capital
 - b) Operation Capital
 - c) Current assets Capital
 - d) Capital

4. In the funds low statement depreciation is _____
 - a) A source of working capital
 - b) Added to net profit
 - c) Subtracted from net profit
 - d) Ignored

5. Marginal Costing is a _____
 - a) Method of Costing
 - b) Formula of Costing
 - c) System of Costing
 - d) Technique of Costing

ANSWER THE FOLLOWING IN ONE OR TWO SENTENCES

(K2)

6. What is Management Accounting?
7. What is meant by Liquidity Ratios?
8. What do you mean by working Capital?
9. What is a cash flow statement?
10. Define Break Even Point.

SECTION – B

(5 X 5 = 25 MARKS)

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

11. a) What are the Objectives of Management Accounting? (CONTD....2)

(OR)

b) Discuss the Limitations of Management Accounting.

12. a) From the following information, Debtors Turnover Ratio:

Total Sales for 2021 – Rs. 5,00,000 Cash Sales for 2021 – Rs. 1,00,000

Debtors on 1st January 2021 – Rs. 1,90,000Debtors on 31st December 2021 – Rs. 2,10,000

(OR)

b) From the following information, Calculate Working Capital Turnover Ratio:

Sales – Rs. 10,00,000

Gross Profit – 20%

Current Assets – Rs. 2,50,000

Current Liabilities – Rs. 90,000

13. a) Discuss briefly the limitations of budgetary Control.

(OR)

b) Prepare a Production Budget for three months ended March 31, 2020 for a factory producing 3 products, on the basis of the following information:

Type of Product	Estimated Stock on Jan1, 2020 (Units)	Estimated Sales during Jan-March, 2020 (Units)	Desired Closing Stock on March 31, 2020 (Units)
A	2,000	10,000	3,000
B	3,000	15,000	5,000
C	4,000	13,000	3,000

14. a) From the following Balance Sheet of XYZ Co. Ltd, Prepare Statement of Sources and Uses of Funds.

Particulars	31.12.2021 (Rs.)	31.12.2020 (Rs.)
Assets :		
Cash in hand and at bank	75,000	35,000
Accounts Receivable	90,000	98,000
Stock	1,20,000	87,000
Land	30,000	20,000
Long-term Investments	10,000	15,000
	3,25,000	2,55,000
Capital and Liabilities:		
Equity Capital	1,50,000	1,25,000
Accounts Payable	1,00,000	70,000
General Reserve	75,000	60,000
	3,25,000	2,55,000

(OR)

b) Calculate cash from operating activities from the following:

Particulars	31.03.2020 (Rs.)	31.03.2021 (Rs.)
Profit and Loss Account	60,000	65,000
Debtors	85,000	48,000
Bills Receivable (B/R)	40,000	81,000
General Reserve	1,72,000	2,07,000
Wages Outstanding	26,000	8,000
Salaries Prepaid	8,000	10,000
Goodwill	70,000	60,000

15. a) Sales = 4,000 units @ Rs.10 per unit
 Break-even point = 1,500 units Fixed Cost = Rs. 3,000
 What is the amount of (a) Variable Cost and (b) Profit?
 (OR)

- b) You are given the following data :
 Fixed Expense – Rs. 4,000 Break Even Point – Rs. 10,000
 Calculate (i) P/V Ratio
 (ii) Profit when sales are Rs. 20,000
 (iii) New break-even point if selling price is reduced by 20%.

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. Following are the ratios of the trading activities of National Traders Ltd:
 Debtors Velocity – 3 Months Stock Velocity – 8 Months
 Creditors Velocity – 2 Months Gross Profit Ratio – 25%
 Gross Profit for the year ended 31st December 2020 amounts 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 (a) Sales, (b) Sundry Debtors, (c) Closing Stock and (d) Sundry Creditors
17. Differentiate between Financial Accounting and Management Accounting.
18. From the following information, you are required to prepare a balance sheet :
- | | |
|---|--|
| 1. Current Ratio – 1.75 | 2. Liquid Ratio – 1.25 |
| 3. Stock Turnover Ratio (Cost of sales/Closing Stock) – 9 | |
| 4. Gross Profit Ratio – 25% | 5. Debt Collection period – 1 ½ Months |
| 6. Reserves and surplus to capital – 0.2 | 7. Turnover to Fixed Assets – 1.2 |
| 8. Capital Gearing Ratio – 0.6 | 9. Fixed Assets to Net worth – 1.25 |
| 10. Sales for the year Rs. 12,00,000. | |
19. Draw up a Flexible budget for production at 75%, & 100% capacity on the basis of the following data or 50% activities
- | | Per Unit |
|---|------------|
| | Rs |
| Material | 100 |
| Labour | 50 |
| Variable expenses
(Direct) | 10 |
| Administrative Expenses
(50 % fixed) | 40000 |
| Selling & Distribution Expenses
(60 % fixed) | 50000 |
| Present Production
(50% activity) | 1000 units |

(CONTD....4)

