

**(FOR THE CANDIDATES ADMITTED  
DURING THE ACADEMIC YEAR 2020 ONLY)**

**20UCC619**

**REG.NO. :**

**N.G.M.COLLEGE (AUTONOMOUS) : POLLACHI  
END-OF-SEMESTER EXAMINATIONS : MAY - 2023  
COURSE NAME: B.Com.-C.A  
SEMESTER: VI**

**MAXIMUM MARKS: 70  
TIME : 3 HOURS**

**PART - III  
MANAGEMENT ACCOUNTING**

**SECTION - A (10 X 1 = 10 MARKS)**

**ANSWER THE FOLLOWING QUESTIONS.**

**MULTIPLE CHOICE QUESTIONS.**

**(K1)**

1. The use of management accounting is \_\_\_\_\_.  
a. Compulsory      b. Optional      c. Obligation      d. Exemption
2. A ratio can be computed by putting together \_\_\_\_\_.  
a. Any two figures      b. Any two events  
c. Any two related figures      d. Any two related events
3. Sales of goods on credit results in \_\_\_\_\_.  
a. Increase in working capital      b. Decrease in working capital  
c. Increase as well as decrease in working capital      d. None of these
4. Sales budget is \_\_\_\_\_.  
a. Functional budget      b. Master budget      c. Expenditure budget      d. Cash budget
5. Period cost means \_\_\_\_\_.  
a. Variable cost      b. Fixed cost      c. Prime cost      d. Direct cost

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

**(K2)**

6. Define Management Accounting.
7. What is meant by Ratio Analysis?
8. What is a cash flow statement?
9. What is budgetary control?
10. Define Marginal Cost.

**SECTION – B (5 X 4 = 20 MA+RKS)**

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

11. a) Explain the Scope of Management Accounting.

**(OR)**

- b) Describe the Functions of Management Accounting.

12. a) The following is the Balance Sheet of a firm.

	Rs.		Rs.
Share capital	30,000	Fixed Assets	16,500
Creditors	8,000	Cash	1,000
Bills Payable	2,000	Book Debts	6,000
Provision for Tax	3,500	Bills Receivable	2,000
		Stock	17,500
		Prepaid Expenses	500
	43,500		43,500

Comment upon the liquidity of the firm.

**(CONTD.....2)**

(OR)

b)

	Rs.
Equity share capital	10,00,000
10% pref. share capital	5,00,000
18% debenture	8,00,000
Loan at 15% (Long period)	1,40,000
Current Liabilities	3,00,000
General Reserve	8,00,000

Find out Capital Gearing from the above particulars.

13. a) You are given the following Balance Sheets of a company:

	31 <sup>st</sup> December	
	2009 Rs.	2010 Rs.
<b>Assets:</b>		
Cash	3,000	4,700
Accounts Receivable	12,000	11,500
Land	5,000	6,600
Stock	8,000	9,000
	<b>28,000</b>	<b>31,800</b>
<b>Liabilities:</b>		
Accounts Payable	7,000	4,500
Capital	20,000	25,000
Retained Earnings	1,000	2,300
	<b>28,000</b>	<b>31,800</b>

Prepare a statement showing the changes in working capital.

(OR)

- b) Explain the Difference between Fund Flow statement and Cash Flow statement.
- 14.a) A factory manufacturing two types of products X and Y. Product X takes 5 hours to make and Y requires 10 hours. In a month of 25 effective days of 8 hours a day, 1,000 units of X and 600 units of Y were produced. The company employs 50 workers in the production department. The budgeted hours are 1,02,000 for the year. Calculate Capacity ratio, Activity ratio and Efficiency ratio.

(OR)

- b) A company working at 50% capacity manufactures 10,000 units of a product, at 50% capacity the product cost is Rs. 180 and sale price is Rs. 200. The break up of the cost is as below

	Cost per unit (Rs.)
Material	100
Wages	30
Factory	30 (40% fixed)
Administration overheads	20 (50% fixed)

At 60% working raw material cost goes up by 2% and sales price falls by 2%. At 80% working the raw material cost increases by 5% and sale price decrease by same percentage i.e., 5%.

Prepare a statement to show profitability at 60% and 80% capacity.

- 15.a) A Company estimates that next year it will earn a profit of Rs. 50,000. The budgeted fixed costs and sales are Rs. 2,50,000 and Rs. 9,93,000 respectively. Find out the break-even point for the company.

(OR)

(CONTD.....3)

b) From the following details find out (a) Profit Volume Ratio, (b) B.E.P., (c) Margin of safety.

	Rs.
Sales	1,00,000
Total Costs	80,000
Fixed Costs	20,000
Net profit	20,000

### SECTION - C

**(4 X 10 = 40 MARKS)**

#### **ANSWER ANY FOUR OUT OF SIX QUESTIONS**

**(16<sup>th</sup> QUESTION IS COMPULSORY AND ANSWER ANY THREE QUESTIONS  
(FROM Qn. No : 17 to 21) (K4 (Or) K5)**

16. Explain the Classification of budgets according to Function.
17. Explain the difference between financial accounting and management accounting.
18. The following is the Balance Sheet of a company as on 31<sup>st</sup> March.

Liabilities	Rs.	Assets	Rs.
Share capital	2,00,000	Land Building	1,40,000
Profit & Loss Account	30,000	Plant and Machinery	3,50,000
General Reserve	40,000	Stock	2,00,000
12% Debentures	4,20,000	Sundry Debtors	1,00,000
Sundry Creditors	1,00,000	Bills Receivable	10,000
Bills Payable	50,000	Cash at Bank	40,000
	8,40,000		8,40,000

Calculate:

1. Current Ratio
2. Quick Ratio
3. Inventory to working Capital
4. Debt to Equity Ratio
5. Proprietary Ratio
6. Capital Gearing Ratio
7. Current Assets to Fixed Assets

19. Following are the summary of Cash Transactions extracted from the books of X Ltd.

	Rs.		Rs.
To Balance b/d (1.1.2010)	35,000	By Payment to Suppliers	20,47,000
To Receipts from Customers	27,83,000	By Payment for Fixed Assets	2,30,000
To Share Capital	3,00,000	By Payment for Overheads	1,15,000
To fixed Assets (Sales)	1,28,000	By Salaries	69,000
		By Income Tax	2,43,000
		By Dividends Paid	80,000
		By Bank Loan	2,50,000
		By Balance c/d (31.12.2010)	2,12,000
	32,46,000		32,46,000

Prepare a Cash Flow statement of the Company for the period ended 31<sup>st</sup> December 2010 in accordance with AS-3 by Direct Method.

20. The budget manager of Cosmetics Limited is preparing a budget for the accounting year starting from 1<sup>st</sup> July 2010.

As part of the budget operations, some items of factory overhead costs have been estimated by him under specified conditions of volume as following:

Volume of Production (Units)	1,20,000 Rs.	1,50,000 Rs.
<b>Expenses:</b>		
Indirect materials	2,64,000	3,30,000
Indirect Labour	1,50,000	1,87,500
Maintenance	84,000	2,02,000
Supervision	1,98,000	2,34,000
Engineering Service	94,000	94,000

Calculate the cost of factory overheads items given above at 1,40,000 units of production.

21. A factory engaged in manufacturing plastic buckets is working at 40% capacity and produces 10,000 buckets per annum.

The present cost break up for one bucket is as under:

Materials	Rs. 10
Labour cost	Rs. 3
Overheads	Rs. 5 (60% fixed)

The selling price is Rs. 20 per buckets.

If it is decided to work the factory at 50% capacity, the selling price falls by 3%. At 90% capacity the selling price falls 5% accompanied by a similar fall in the prices of materials.

You are required to calculate the profit at 50% and 90% capacities and also the break-even points for the same capacity productions.

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**ETHICAL PAPER**