

**NGM COLLEGE (AUTONOMOUS) POLLACHI**

**END-OF-SEMESTER EXAMINATIONS: MAY-2023**

**B.Com-Finance**

**MAXIMUM MARKS: 70**

**VI SEMESTER**

**TIME: 3 HOURS**

**PART III**

**MANAGEMENT ACCOUNTING**

**SECTION – A**

**(10 X1 = 10 MARKS)**

**ANSWER THE FOLLOWING QUESTIONS**

**MULTIPLE CHOICE QUESTIONS**

**(K1)**

1. Management Accounting is concerned with \_\_\_\_\_
 

a. Projection of data for the future	b. Historical in nature
c. Recording of all transactions	d. Profit or Loss of the business
2. Identity the item that is not taken into account in computing the current ratio \_\_\_\_\_
 

a. Sundry debtors	b. Sundry creditors
c. Bank overdraft	d. Furniture
3. Which of the following will result into application of funds?
 

a. Sale of Plant	b. Purchase of Land
c. Issue of share capital	d. Payment to Creditors
4. The difference between fixed and variable cost has a special significance in the preparation of \_\_\_\_\_
 

a. Flexible budget	b. Master budget
c. Cash budget	d. Sales budget
5. The excess of actual sales over break-even sales is termed as \_\_\_\_\_
 

a. P/V ratio	b. Contribution
c. Margin of Safety	d. Marginal costing

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

**(K2)**

6. Define Management Accounting.
7. The opening stock at Rs. 60000, closing stock at Rs. 50000 and cost of goods sold being Rs. 220000, Find out the stock turnover ratio.
8. Interpret Working Capital?
9. Translate the meaning of ‘budgetary control’.
10. State the meaning of Break Even point. note on Break-Even Point.

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

11. a. What are the limitations of Management Accounting?

**(OR)**

b. List out the functions of Management Accounting.

12. a. The following information of a company is given

Current Ratio – 2.5:1, Acid-test Ratio – 1.5:1, Current liabilities Rs. 50000

Find out; a) Current Assets, b) Liquid Assets, c) Inventory

**(OR)**

b. Annual Revenue from Operations (Credit Sales) –Rs. 25000

Sales returns - Rs. 1000

Debtors - Rs. 3000

Bills Receivables - Rs. 1000

Find out Receivables Turnover Ratio

13. a. Prepare a Statement of changes in Working Capital from the following Balance Sheets of Manjit and Company Limited

Particulars	2016 (Rs.)	2015 (Rs.)
<b>I Equity and Liability</b>		
i. Shareholders' Funds		
Share Capital	500000	500000
ii. Non-Current Liabilities		
Debentures	450000	370000
ii. Current Liabilities		
Accounts Payable	192000	96000
Tax Payable	43000	77000
Interest Payable	45000	37000
Dividend Payable	35000	50000
<b>Total Equity and Liabilities</b>	<b>1265000</b>	<b>1130000</b>
<b>II Assets</b>		
Non-Current Assets		
Fixed assets	700000	600000
Investments	100000	200000
Current Assets		
Inventory	225000	150000
Accounts Receivable	140000	70000
Work-in-progress	90000	80000
Cash and Cash Equivalents (B/F)	10000	30000
<b>Total Assets</b>	<b>1265000</b>	<b>1130000</b>

**(OR)**

b. Explain the various classification of Cash Flows.



## 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. From the following details, make out the Balance Sheet with as details as possible

- i. Stock Velocity - 6
- ii. Capital Turnover Ratio - 2
- iii. Fixed Assets Turnover - 4
- iv. Gross Profit Turnover Ratio- 20%
- v. Debtors Velocity - 2 months
- vi. Creditors Velocity - 73 days

The gross profit was Rs. 60000. Reserve & Surplus amounts to Rs. 20000.

Closing Stock was Rs. 5000 excess of opening stock.

17. Distinguish between Financial Accounting and Management Accounting.

18. Following particulars pertaining to assets and liabilities of a company are given

Particulars	Rs.	Particulars	Rs.
2500 Equity Shares of Rs. 100 each fully paid up	250000	Land and Buildings	450000
2000, 8% Preference shares of Rs. 100 each fully paid up	200000	Plant and Machinery	400000
Reserves	200000	Stock in Trade	150000
3000, 9% Debentures of Rs. 100 each	300000	Sundry Debtors	100000
Current Liabilities	200000	Cash and Bank Balances	45000
		Prepaid Expenses	5000

Calculate:

- i. Debt-Equity Ratio
- ii. Funded Debt to Total Capitalization
- iii. Proprietary Ratio
- iv. Solvency Ratio
- v. Fixed Assets to Net worth Ratio

19. From the following information, calculate Cash Flows from Operating Activities

Particulars	Rs.	Particulars	Rs.
Total sales for the year	250000	Total operating expenses	10200
Total purchases for the year	200000	Outstanding expenses as on 1.4.2017	1800
Trade Debtors as on 1.4.2017	12000	Prepaid expenses as on 1.4.2017	1500
Trade Creditors as on 1.4.2017	14500	Outstanding expenses as on 31.3.2018	2400
Trade Debtors as on 31.3.2018	20800	Prepaid expenses as on 31.3.2018	2200
Trade Creditors as on 31.3.2018	21600	Income tax paid during the year	2000

20. From the following forecasts of income and expenditure prepare a cash budget for the three months commencing 1<sup>st</sup> June, when the bank balance was Rs. 100000

Month	Sales Rs.	Purchases Rs.	Wages Rs.	Factory expenses Rs.	Admin and Selling expenses
April	80000	41000	5600	3900	10000
May	76500	40500	5400	4200	14000
June	78500	38500	5400	5100	15000
July	90000	37000	4800	5100	17000
August	95000	35000	4700	6000	13000

A sales commission of 5 per cent on sales due two months after sales, is payable in addition to selling expenses. Plant valued at Rs. 65000 will be purchased and paid for in August, and the dividend for the last financial year of Rs. 15000 will be paid in July. There is a two month credit period allowed to customers and received from suppliers.

21. In a year, the position of Y Ltd., was as follows

Particulars	Rs.
Sales	120000
Variable overheads	96000
Gross profit	24000
Fixed overheads	16000
Net profit	8000

Find out

- P/V Ratio
- Break Even Point
- Net profit from the sales of Rs. 130000
- Required sales for a net profit Rs. 10000

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