

**(FOR THE CANDIDATES ADMITTED  
DURING THE ACADEMIC YEAR 2021 ONLY)**

**21PCC414**

**REG.NO. :**

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

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

**COURSE NAME: M.Com.-C.A**

**MAXIMUM MARKS: 70**

**SEMESTER: IV**

**TIME : 3 HOURS**

**ACCOUNTING FOR DECISION MAKING**

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

**ANSWER THE FOLLOWING QUESTIONS.**

**MULTIPLE CHOICE QUESTIONS. K1**

1. Who discovered the term Management Accounting?  
a. R. N Carter      b. James H Bliss      c. Philip Kotler      d. F.W. Taylor
2. Which of the following transactions will improve the Current Ratio?  
a. Cash Collected from Trade Receivables      b. Purchase of goods for cash  
c. Payment to Trade Payables      d. Credit purchase of Goods
3. Funds flow statement is a tool for \_\_\_\_\_.  
a. Performance analysis      b. Cost control      c. Financial analysis      d. Budget preparation
4. Margin of safety x Profit volume ratio is: \_\_\_\_\_.  
a. BEP      b. Angle of incidence      c. Margin of safety in units      d. Profit.
5. If flexible budget variance is Rs. 1,05,000, actual cost is Rs. 65,000 then flexible budget cost will be \_\_\_\_\_.  
a) Rs. 40,000      b) Rs. 50,000      c) Rs. 1,50,000      d) Rs. 1,70,000

**ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES. K2**

6. Define management accounting.
7. State the meaning of ratio analysis.
8. Define Cash flow statement.
9. What is CVP analysis?
10. What is 'De Nova Budgeting'

**SECTION – B (5 X 4 = 20 MARKS)**

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

11. a) Examine any four nature of management accounting

(OR)

b) From the income statement give below you are required to prepare common- sized income statement.

Particulars	2021 Rs.	2022 Rs.
Sales	1,40,000	1,65,000
Less : Cost of Goods Sold	85,000	1,05,000
Gross Profit	55,000	60,000
Operating Expenses		
Selling and Distribution Expenses	12,000	16,000
Administrative Expenses	10,000	11,000
Total Operating Expenses	22,000	27,000
Net Income before Tax	33,000	33,000
Income Tax (40%)	13,000	13,200
Net Income	19,800	19,800

12. a) Following is the Income Statement of J K & Co. for the year ending 31<sup>st</sup> March 2022.

Particulars	Amount(Rs)	Particulars	Amount(Rs)
To opening stock	45,750	By sales	3,00,000
To purchases	1,89,150	By closing stock	59,100
To carriage	1,200		
To wages	3,000		
To Gross Profit	1,20,000		
	<b>3,59,100</b>		<b>3,59,100</b>
To administrative expenses	60,600	By Gross Profit	1,20,000
To finance expenses		By non-operating income	
Interest	720	Interest	900
Discount	1,440	Dividend	2,250
Bad debts	2,040	By profit on sale of securities	450
To selling expenses	7,200		
To non-operating expenses	1,200		
To net profit	50,400		
	<b>1,23,600</b>		<b>1,23,600</b>

You are required to calculate

1. Gross profit Ratio
2. Net profit Ratio
3. Operating Ratio
4. Operating profit Ratio

(OR)

(CONT'D.....3)

b) A manufacture sells to retailer on terms 2.5% discount in 30 days, 60 days net. The debtors and receivable at the end of March on past three years and net sales for all these three years as under:

Particulars	2020 (Rs)	2021 (Rs)	2022 (Rs)
Debtor	85,582	33,932	54,845
Bills receivable	9,242	3,686	4,212
Net sales	4,43,126	3,37,392	2,68,466

Determine the average collection period for each of these three years and comment.

13. a) Explain the differences between Cash Flow and fund flow Statement

(OR)

b) Form the following details prepare a statement showing changes in working capital during 2021:

Balance sheet of Surya as on 31st December

Liabilities	2021	2022	Assets	2021	2022
Share capital	5,00,000	6,00,000	Fixed assets	10,00,000	11,20,000
Reserves	1,50,000	1,80,000	Less: Depreciation	3,70,000	4,60,000
Profit and Loss A/c	40,000	65,000		6,30,000	6,60,000
Debentures	3,00,000	2,50,000	Stock	2,40,000	3,70,000
Creditors for goods	1,70,000	1,60,000	Book Debts	2,50,000	2,30,000
Provision for tax	60,000	80,000	Cash in hand	80,000	65,000
			Preliminary expenses	20,000	15,000
	12,20,000	13,35,000		12,20,000	13,35,000

14. a) Following information is available from the records of a company:

Year	Sales	Profit/Loss (Rs)
I	5,00,000	2,000 (Loss)
II	7,00,000	2,000 (Profit)

Selling price is given Rs 100 per unit

Calculate:

- (i) Fixed Cost
- (ii) Break-even point in units
- (iii) Sale in units for desired profit of Rs 28,000.

(OR)

b) Explain the Break Even Chart

(CONTD.....4)

15. a) From the following figures, prepare a Cash Budget in respect of three months to June 30, 2022.

Month	Sales Rs.	Materials Rs.	Wages Rs.	Overheads Rs.
January	60,000	40,000	11,000	6,200
February	56,000	48,000	11,600	6,600
March	64,000	50,000	12,000	6,800
April	80,000	56,000	12,400	7,200
May	84,000	62,000	13,000	8,600
June	76,000	50,000	14,000	8,000

Additional information:

1. Expected Cash balance on 1<sup>st</sup> April, 2022 – Rs. 20,000
2. Materials and overheads are to be paid during the month following the month of supply.
3. Wages are to be paid during the month in which they are incurred.
4. All sales are on credit basis.
5. The terms of credits are payment by the end of the month following the month of sales: Half of credit sales are paid when due the other half to be paid within the month following actual sales.
6. 5% sales commission is to be paid within in the month following sales
7. Preference Dividends for Rs. 30,000 is to be paid on 1<sup>st</sup> May.
8. Share call money of Rs. 25,000 is due on 1<sup>st</sup> April and 1<sup>st</sup> June.
9. Plant and machinery worth Rs. 10,000 is to be installed in the month of January and the payment is to be made in the month of June.

(OR)

b) List the advantages and limitations of Zero-base Budgeting

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 & K5**

16. Explain the role of management accountant in modern business.
17. Discuss the differences between Financial Accounting and Management Accounting.
18. From the following data relating to a firm, prepare Balance Sheet of the firm as at 31st Dec, 2022:

Particulars	Rs.
Annual Sales	36,00,000
Sales to Net Worth	4 times
Current Liabilities to Net Worth	50%
Total Debts to Net Worth	80%
Current Ratio	3:1
Sales to Inventory (ITR)	6 times
Average Collection Period	73 days
Fixed Assets to Net Worth	30%

(CONTD.....5)

19. From the summary of cash account of a firm, prepare the Cash Flow Statement for the year ended 31<sup>st</sup> March, 2023 by using Direct Method.

**SUMMARY CASH ACCOUNT**

For the year ended 31<sup>st</sup> March, 2023

<b>Receipts</b>	<b>Amount (Rs)</b>	<b>Payments</b>	<b>Amount (Rs)</b>
Cash balance as on 1.04.22	10,000	Cash purchases during the year	2,00,000
Issue of equity shares	15,000	Factory expenses incurred	25,000
Issue of preference shares	15,000	Wages & salary paid	15,000
Cash sales for the period	2,30,000	Income tax paid	5,000
Sale of fixed assets	60,000	Dividend paid	15,000
		Repayment of loan	40,000
		Balance on 31.03.13	30,000
<b>Total</b>	<b>3,30,000</b>	<b>Total</b>	<b>3,30,000</b>

20. From the following find out the Break Even Point

	P	Q	R
Selling price Rs	100	80	50
Variable cost Rs.	50	40	20
Weightage	20%	30%	50%

Fixed cost Rs 1480000

21. Prepare a Flexible Budget for the production at 80% and 100% activity on the basis of following information:

Production at 50% capacity	5,000 units
Raw Material	Rs. 80 per unit
Direct labour	Rs. 50 per unit
Direct Expenses	Rs.15 per unit
Factory Overhead	Rs. 50,000 (50% fixed)
Administration Overhead	Rs. 60,000(60% variable)

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