

(FOR THE CANDIDATES ADMITTED

SUBJECT CODE **22 PCO 413**

DURING THE ACADEMIC YEAR 2022 ONLY

REG.NO. **N.G.M.COLLEGE (AUTONOMOUS) : POLLACHI****END-OF-SEMESTER EXAMINATIONS : MAY – 2024****M.Com****MAXIMUM MARKS: 50****SEMESTER : IV****TIME : 3 HOURS****ACCOUNTING FOR MANAGERIAL DECISION MAKING****SECTION – A (10 X 1 = 10 MARKS)****ANSWER THE FOLLOWING QUESTIONS.****MULTIPLE CHOICE QUESTIONS.****(K1)**

1. What is the basic objective of management accounting?

(a) Record business transaction	(b) Interpret financial data
(c) Assist management	(d) Cost control
2. What does financial statement disclose?

(a) Qualitative data	(b) Assessment data
(c) Non-Monetary data	(d) Monetary data
3. Indicate the accounting standard from which cash flow statement is prepared?

(a) AS-3	(b) AS-4
(c) AS-5	(d) AS-6
4. Indicate the nature of sales budget......

(a) Flexible	(b) Functional
(c) Master	(d) Fixed
5. From the following indicate the cost which varies in direct proportion to total volume of output?

(a) Fixed	(b) Semi variable
(c) Variable	(d) Total

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

6. Define management accounting.
7. Recall the meaning of ratio.
8. Write any two objectives of cash flow statement.
9. Explain the term cash budget.
10. Indicate the term marginal costing.

(CONTD 2)

SECTION – B (5 X 3 = 15 MARKS)**ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING****QUESTIONS.****(K3)**

11. a) Describe the scope of management accounting.

(OR)

b) Examine the advantages management accounting.

12. a) The following are the extract from the income statements of Bright Ltd., for the 6 year ending 2019. You are required to calculate trend percentages, taking 2014 as the base year end give two major conclusions you can draw. (Rs. In thousands)

Particulars	2014	2015	2016	2017	2018	2019
Sales	300	340	420	480	520	600
Cost of goods sold	180	204	256	287	300	330
Office expenses	40	42	45	50	55	60
Selling expenses	20	25	30	40	50	60
Net profit/Net loss	60	69	89	13	115	150

(OR)

b) Find (a). Debt-Equity Ratio (b) Current Ratio and (c) Liquidity Ratio. The balance sheet of Nayak Ltd as on 31.12.2022 is as follows:

Liabilities	Rs.	Assets	Rs.
Equity capital	2,00,000	Fixed assets	3,60,000
9% Pref. share capital	1,00,000	Stock	50,000
8% Debentures	1,00,000	Debtors	1,10,000
P&L a/c	40,000	Bills receivable	6,000
Creditors	90,000	Bank	4,000
	5,30,000		5,30,000

13. a) Calculate cash from operating activities:

Particulars	I Year	II Year
Profit and Loss appropriation a/c	10,000	20,000
Bills receivable	18,000	22,000
Provision for depreciation	40,000	42,000
Outstanding rent	1,600	4,000
Prepaid insurance	2,000	1,800
Goodwill	24,000	20,000
Stock	12,000	16,000

(OR)

b) From the balance sheets as on 31st March 2021 and 31st March 2022, prepare a cash flow statement.

(CONTD 2)

Balance sheet.

Liabilities	31.3.2021 (Rs)	31.3.2022 (Rs)	Assets	31.3.2021 (Rs)	31.3.2022 (Rs)
Share capital	1,00,000	1,50,000	Fixed assets	1,00,000	1,50,000
P&L account	80,000	1,20,000	Goodwill	50,000	40,000
10% Debentures	50,000	60,000	Stock	30,000	70,000
Creditors	30,000	40,000	Debtors	50,000	90,000
Outstanding expenses	10,000	15,000	Bills receivable	30,000	20,000
			Bank	10,000	15,000
	2,70,000	3,85,000		2,70,000	3,85,000

14. a) From the following information, prepare a Cash budget for the period from January to April 2022.

Months	Expected sales (Rs)	Expected purchase (Rs)
January	60000	48000
February	40000	45000
March	45000	31000
April	40000	40000

Wages to be paid to workers will be Rs.5000 p.m. cash balance on 1st January 2022 may be assumed to be Rs.8000.

(OR)

b) Prepare a production budget for 3 months ending 31.3.2022 for a factory producing four products.

Type of Product	Opening stock (units)	Sales (units)	Closing stock (units)
A	30,000	1,50,000	75,000
B	45,000	2,25,000	60,000
C	60,000	1,95,000	45,000
D	75,000	1,80,000	30,000

15. a) Raj Corpn. Ltd. has prepared the following budget estimated for the year 2021-2022.

Sales (units) 15,000

Fixed Expenses Rs.34,000

Sales Rs.1,50,000

Variable costs Rs.6 per unit

You are required to calculate (i) P/V Ratio

(ii) Break-even point and

(iii) Margin of safety.

(OR)

(CONTD 4)

b) Calculate break even-point in terms of rupees.

Particulars	Rs.
Sales	800000
Fixed expenses	200000
Variable costs:	
Direct materials	250000
Direct labour	130000
Other variable expenses	7000

SECTION – C (5 x 5 = 25 MARKS)

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

QUESTIONS . (K4/K5)

16. a) Experiment with the functions of management accounting.
 (OR)
 b) Point out distinguish between management accounting and financial accounting.

17. a) The following is the Profit and Loss account of Sun Ltd. for 2021 and 2022.

Profit and Loss Account for the year ended 31st December

Particulars	2021 (Rs.)	2022 (Rs.)	Particulars	2021 (Rs.)	2022 (Rs.)
To cost of sale	4,63,250	4, 83, 899	By Sale	7,21,456	8,34,250
To Administrative expenses	46,531	54,137	Less: Returns	11,588	13,903
To Selling expense	91,823	1,15,632		7,09,868	8,20,347
To Interest paid	4,275	3,500	By Other Income:		
To Loss on sale of fixed items	1,254	350	Interests	3,795	2,620
To Income tax	43,038	80,390	Discounts	4,250	3,792
To Net profit	70,742	88, 851	By Profit on Sale (Land)	3,000	--
	7,20,913	8,26,759		7,20,913	8,26,759

You are required to prepare a common size profit and loss account.

(OR)

b) From the following information, prepare a balance sheet. Show the workings.

i. Working capital	Rs.75,000
ii. Reserve and surplus	1,00,000
iii. Bank overdraft	60,000
iv. Current ratio	1.75
v. Liquid ratio	1.15
vi. Fixed assets to proprietors' funds	0.75
vii. Long term liabilities	Nil

(CONTD 5)

18. a) From the following balance sheets prepare a Cash Flow Statement.

Balance Sheet as on 31st March 2022

Liabilities	2021 Rs.	2022 Rs.	Assets	2021 Rs.	2022 Rs.
Share capital	20,000	20,000	Goodwill	2,400	2,400
Reserve	2,800	3,600	Land	8,000	7,200
Profit & loss a/c	3,200	2,600	building	7,400	7,200
Creditors	1,600	1,080	Investments	2,000	2,200
Outstanding expenses	240	160	Stock	6,000	4,680
Provision for tax	3,200	3,600	A/cs receivable	4,000	4,440
Provision for bad debts	80	120	Bank balance	1,320	3,040
	31,120	31,160		31,120	31,160

Additional Information:

- i. A piece of land has also been sold for Rs.800.
- ii. Depreciation amounting to Rs.1400 has been charged on building.
- iii. Provision for taxation has been made Rs. 3800 during the year.

(OR)

b) From the following data you are required to calculate the cash generates from operations:

Operating profit before working capital changes for the year 2022, Rs 84,000. Current assets and liabilities as on 1.1.2022 and 31.12.2022 were as follows:

Particulars	1.1.2022 (Rs)	31.12.2022 (Rs)
Trade creditors	1,82,000	1,94,000
Trade debtors	2,75,000	3,15,000
Bills receivable	40,000	35,000
Bills payable	27,000	31,000
Inventories	1,85,000	1,70,000
Short-term investments	40,000	70,000
Outstanding expenses	20,000	25,000
Prepaid expenses	5,000	8,000

19. a) P Ltd. Manufactures two brands of pen, Hero and Zero. The sales division of the company has three departments in different areas of the company.

The sales budget for the year ending 31st December 2021 were:

Hero: Department I – 300000, Department II – 562500, department III-180000 and Zero: Department I-400000, Department II – 600000 and Department III – 20000.

Sales prices are Rs. 3 and Rs.1.20 in all departments.

(CONTD 6)

It is estimated that by forced sales promotion, the sale of 'Zero' in Department I will increase by 175000. It is also expected that by increasing production and arranging extensive advertisement. Department III will enable to increase the sale of 'Zero' by 50000.

It is recognized that the estimated sales by Department II represent an unsatisfactory target. It is agreed to increase both estimates by 20%.

Prepare a sales budget for the year 2022.

(OR)

b) Prepare a flexible budget for overheads on the basis of following data. Ascertain overhead rates at 50%, 60% and 70% capacity.

Particulars	At 60% capacity (Rs.)
Variable overhead:	
Indirect material	6,000
Indirect labour	18,000
Semi-variable overhead:	
Electricity (40% fixed, 60% variable)	30,000
Repairs (80% fixed, 20% variable)	3,000
Fixed overhead:	
Depreciation	16,500
Insurance	4,500
Salaries	15,000
Total overhead	93,000

Estimated direct labour hours 1,86,000 hours.

20. a) From the following data, calculate break-even point expressed in terms of units and also the B.E.P. if selling price is reduced by 10%.

Fixed Expenses:

Depreciation Rs.120000

Salaries Rs.110000

Variable Expenses:

Materials Rs.4 per unit

Labour Rs.3 per unit

Selling price

(OR)

and self

b) Assuming that the cost structure and selling prices remain the same in periods I and II, find out:

- i. P/V Ratio
- ii. B.E. Sales
- iii. Profit when sales are Rs.1,00,000
- iv. Sales required to earn a profit of Rs.25,000
- v. Margin of safety in period – I

Period	Sales (in Rs.)	Profit (in Rs.)
I	1,20,000	9,000
II	1,40,000	14,000