

**(FOR THE CANDIDATES ADMITTED
DURING THE ACADEMIC YEAR 2023 ONLY)**

23PCC414

REG.NO. :

**N.G.M.COLLEGE (AUTONOMOUS) : POLLACHI
END-OF-SEMESTER EXAMINATIONS : MAY - 2025
COURSE NAME: M.Com.- C.A
SEMESTER: IV**

**MAXIMUM MARKS: 75
TIME : 3 HOURS**

ACCOUNTING FOR DECISION MAKING

SECTION – A (10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS.

K1

MULTIPLE CHOICE QUESTIONS.

1. Management Accounting supports the management in _____.
 - a) improving the profit
 - b) minimizing the costs
 - c) decision making process
 - d) efficiency of the work force
2. The alternative name for the liquid ratio _____.
 - a) current ratio
 - b) acid test ratio
 - c) cash ratio
 - d) assets ratio
3. Which among the following is a non- operating expenditure?
 - a) gain on sale of fixed assets
 - b) loss on sale of investments
 - c) dividend paid
 - d) interest paid
4. The difference between actual sales and breakeven sales is known as _____.
 - a) margin of safety
 - b) break -even point
 - c) contribution
 - d) variable cost
5. A budget which can be prepared for different capacity levels is known as
 - a) sales budget
 - b) flexible budget
 - c) Zero based budget
 - d) purchase budget

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

6. How do you calculate the cost of goods sold?
7. What are current assets?
8. What are the 3 different operations of cash flows?
9. What is contribution?
10. What does budget consist of?

SECTION – B (5 X 5 = 25 MARKS)

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

11. a) Make difference between management accounting and cost accounting.
(OR)
- b) Prepare the comparative income statement for the year ended 31.12.2015 from the following profit and loss account.

Particulars	2014	2015	Particulars	2014	2015
To cost of goods sold	6,00,000	7,50,000	By net sales	8,00,000	10,00,000
Administrative expenses	20,000	20,000			
Selling expenses	30,000	40,000			
Net profit	1,50,000	1,90,000			
	8,00,000	10,00,000		8,00,000	10,00,000

12.a) Find out the operating profit ratio from the following

Particulars	Amount
Net profit after tax	80,000
Profit on sale of buildings	30,000
Loss on sale of land	20,000
Preliminary expenses written off	10,000
Provision for tax	40,000
Interest on debentures paid	20,000
Net sales	7,00,000

(OR)

b) Calculate debt equity ratio from the following

Particulars	Amount
Preference share capital	3,00,000
Out standing creditors	1,60,000
Equity share capital	11,00,000
Provision for taxation	1,80,000
Capital reserve	5,00,000
Bills payable	1,20,000
Profit and loss account	2,00,000
Sundry creditors	2,40,000
6% Debentures	5,00,000

13.a) Calculate the funds from operations

Profit and Loss account

Particulars	Amount	Particulars	Amount
To Rent	1,00,000	By Gross Profit	98,60,000
Salary	2,50,000		
Depreciation	30,000		
Discount on issue of shares	1,00,000		
Goodwill written off	50,000		
Preliminary expenses	60,000		
Net Profit	92,70,000		
	98,60,000		98,60,000

(OR)

b) From the following balance sheet of Abu Ltd. prepare cash flow statement

Liabilities	2019	2020	Assets	2019	2020
Share capital	4,00,000	5,00,000	Cash	60,000	94,000
Creditors	1,40,000	90,000	Debtors	2,40,000	2,30,000
P &L a/c	20,000	46,000	Stock	1,60,000	1,80,000
			Land	1,00,000	1,32,000
	5,60,000	6,36,000		5,60,000	6,36,000

14.a) From the following data calculate- a) p/v ratio b) variable cost c) profit
 Sales :8,00,000 Fixed expenses : 1,50,000 Breakeven Point: 5,00,000

(OR)

(CONTD.....3)

b) From the following information relating to Palani Brothers Ltd. You are required to find out
 a) P/V ratio b) Breakeven Point c) profit d) margin of safety e) volume of sales to earn a profit of Rs.60,000.

Particulars	Amount
Total fixed costs	45,000
Total variable cost	75,000
Total sales	1,50,000

15.a) Krishna Ltd. sells 2 products A and B which are produced in its special products division . sales for the year 2019 were planned as follows

Products	January to March	April To June	July to September	Oct to December
A	10,000 units	12,000 units	13,000 units	15,000 units
B	5,000 units	4,500 units	4,000 units	3,800 units

The selling prices were Rs.200 per unit and Rs.500 per unit respectively for A and B. Average sales returns are 5% of sales and the discount and bad debts amount to 4% of the total sales. Prepare sales budget for the year 2019.

(OR)

b) A company produces 2 products R and S. The following are the materials consumed for the production of 100 tons of output.

Product R		Product S	
Material	Quantity Tons	Price in Rs. Per ton	Quantity
A	20	10	40
B	30	5	--
C	40	8	20
D	20	20	30
E	5	50	20

During the quarter ended 31st March 2019 , 500 tons of Rand 400 tons of S were planned to be produced. Prepare a material consumption budget showing the total cost of material budgeted to be consumed for the quarter.

SECTION – C

(5 X 8 = 40 MARKS)

ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K4 (Or) K5)

16. a) From the following balance sheet of Gopi Industries prepare comparative balance sheet statement.

Balance sheet in lakhs

Liabilities	2012	2013	Assets	2012	2013
Bills payable	50	75	Cash	50	70
Tax payable	100	150	Debtors	300	450
Creditors	150	200	Stock	100	200
Debentures	100	150	Land	100	120
Preference share capital	300	300	Buildings	200	180
Equity share capital	200	200	Machinery	250	225
Reserves	200	250	Furniture	100	80
	1,100	1,325		1,100	1,325

(OR)

(CONTD.....4)

b) The following are the extracts from the income statement of Bright Ltd. for the 6 years ending 2019. You are required to calculate trend percentages. Taking 2014 as basis and give your comments.
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Particulars	2014	2015	2016	2017	2018	2019
Sales	300	340	420	480	520	600
Cost of sales	180	204	256	287	300	330
Office expenses	40	42	45	50	55	60
Selling expenses	20	25	30	40	50	60
Net Profit	60	69	89	103	115	150

17.a) Given below is the summarized balance sheet of Krishna Sugar mills Ltd. as on 31-12-2017 calculate the following ratios.
a) current ratio b) quick ratio c) Fixed assets ratio d) Debt equity ratio e) proprietary ratio f) Stock turn- over ratio g) Fixed assets turnover ratio h) Return on capital employed.

Liabilities	Amount	Assets	Amount
Issued capital : 40,000 share of Rs.100 each	40,00,000	Land and buildings	30,00,000
Reserves	18,00,000	Plant and machinery	16,00,000
Creditors	26,00,000	Stock	29,60,000
Profit and loss account	6,00,000	Debtors	14,20,000
6% debentures	6,00,000	Cash at bank	6,20,000
	96,00,000		96,00,000

(OR)

b) The following are the summary of the ledger accounts of a company for the year ended 31-12-2017

Particulars	Amount
Sales	1,00,000
Purchases	70,000
Closing stock	14,000
Sales returns	4,000
Dividend received	1,200
Profit on sale of investments	600
Loss on sale of shares	300
Opening stock	11,000
Salary to salesmen	1,800
Advertising	700
Travelling expenses	500
Salaries to office staff	3,000
Rent	6,000
Stationery	200
Depreciation	1,000
Other expenses	2,000
Provision for tax	7,000

Calculate

a) Gross profit ratio b) operating profit ratio c) Operating ratio d) Net profit ratio

(CONTD.....5)

18. a) The following is the comparative balance sheet of Fathima Ltd. as on 30th June 2017 and 30th June 2018

Balance sheet

Liabilities	30 th June 2017	30 th June 2018	Assets	30 th June 2017	30 th June 2018
Share capital	1,80,000	2,00,000	Goodwill	24,000	20,000
Reserve	28,000	36,000	Buildings	80,000	72,000
P & L A/c	39,000	24,000	Machinery	74,000	72,000
Creditors	16,000	10,800	Investments	20,000	22,000
Bank OD	12,400	2,600	Inventories	60,000	50,800
Provision for tax	32,000	34,000	Debtors	40,000	44,400
Provision for doubtful debts	3,800	4,200	Cash	13,200	30,400
	3,11,200	3,11,600		3,11,200	3,11,600

Additional information:

Depreciation charged on machinery Rs.10,000 and on Buildings Rs.8,000

Investments sold during the year Rs.3,000

Rs.15,000 interim dividend paid during January 2018

Taxes paid during the year Rs.30,000

Prepare statement of changes in working capital and funds flow statement.

(OR)

b) From the following balance prepare cash flow statement

Liabilities	2019	2018	Assets	2019	2018
Share capital	1,50,000	1,00,000	Fixed assets	1,50,000	1,00,000
Creditors	40,000	30,000	Goodwill	40,000	50,000
P &L a/c	80,000	50,000	Stock	80,000	30,000
General reserve	40,000	30,000	Debtors	80,000	50,000
6% Debentures	60,000	50,000	Bills	20,000	30,000
Outstanding salary	15,000	10,000	receivables		
	3,85,000	2,70,000	Bank	15,000	10,000
	3,85,000	2,70,000		3,85,000	2,70,000

19. a) The sales turnover and profit during 2 years were as follows

Year	Sales	Profit
First	1,40,000	15,000
Second	1,60,000	20,000

Calculate

- P/ V ratio
- BEP
- Sales required to earn a profit of Rs.40,000
- Fixed expenses
- Profit when sales are Rs.1,20,000

(CONTD.....6)

(OR)

b) AB Ltd. furnishes the following related to the year 2016

Particulars	First half of the year	Second half of the year
Sales	45,000	50,000
Total cost	40,000	43,000

Assuming that there is no change in prices and variable cost and that the fixed expenses are incurred equally in the 2 half year periods, calculate for the year 2016 the following.

a) Profit volume ratio b) Fixed expenses
 c) Break even sales d)percentage of margin of safety

20. a) Draw up a flexible budget for the production at 75% and 100% capacity on the basis of the following data for a 50% activity

Details	Per unit Rs.
Materials	100
Labour	50
Variable expenses (direct)	10
Administrative expenses (50% fixed)	40,000
Selling and distribution expenses (60%)	50,000
Present production (50% activity)	1,000 units

(OR)

b) A company which supplies its output on contract basis as component to an assembling firm has a contract to supply 10,000 units of its only product during 2019. The following were the budgeted expenses and revenue.

Materials	Rs.150 per unit
Wages	Rs. 100 per unit
Work expenses:	
Fixed	4,00,000
Variable	Rs.40 per unit
General expenses (all fixed)	Rs. 6,00,000
Profit is 20% on sale price	

Prepare the budget for the year 2019 showing the costs and profit

ETHICAL PAPER