

(FOR THE CANDIDATES ADMITTED

22UBP616

DURING THE ACADEMIC YEAR 2022 ONLY)

REG.NO. :

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

END-OF-SEMESTER EXAMINATIONS: MAY 2025

B.COM (BPS) -SF

MAXIMUM MARKS: 50

SEMESTER-VI

TIME : 3 HOURS

PART – III

22UBP616 – MANAGEMENT ACCOUNTING

SECTION – A

(10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS.

(K1)

1. Management Accounting helps management in _____.
 - a) Preparation of final accounts
 - b) Raising finance
 - c) Filing tax returns
 - d) Decision making
2. The ideal current ratio is _____.
 - a) 5
 - b) 4
 - c) 3
 - d) 2
3. Sale of a fixed asset is _____.
 - a) An item of funds from operations
 - b) An external source of funds
 - c) An application of funds
 - d) A Non fund item
4. Purchase budget refers to Purchase of _____.
 - a) Fixed assets
 - b) Raw materials
 - c) Advertising & distribution materials
 - d) Office supplies
5. Marginal cost is _____.
 - a) Prime cost
 - b) Variable cost
 - c) Works cost
 - d) Cost of production

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES

(K2)

6. Define Management Accounting.
7. What is Ratio Analysis?
8. What is the main purpose of fund flow analysis?
9. Define Working capital.
10. Interpret Marginal cost.

(CONTD 2)

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

11. a) List the objectives of Management Accounting.

(OR)

b) Show common-size income statement for the two years from the following income statements of XYZ Co., Ltd., for the years 2016 and 2017.

Trading and Profit & Loss account

| Particulars | 2016 Rs. | 2017 Rs. | Particulars | 2016 Rs. | 2017 Rs. |
|----------------------------|-------------|-------------|---------------------|-------------|-------------|
| To Cost of Sales | 240000 | 350000 | By Sales | 400000 | 500000 |
| To Gross Profit c/d | 160000 | 150000 | | | |
| | 400000 | 500000 | | 400000 | 500000 |
| To Operating Expenses: | | | By Gross profit b/d | 160000 | 150000 |
| Administration | 25000 | 30000 | By Interest on | | |
| Selling | 15000 | 20000 | investments | 20000 | 50000 |
| Distribution | 10000 | 10000 | | | |
| To Non-operating expenses: | | | | | |
| Finance | 20000 | 20000 | | | |
| Goodwill written off | 10000 | ---- | | | |
| To Net profit | 100000 | 120000 | | | |
| | 180000 | 200000 | | 180000 | 200000 |

12. a) Interpret Current ratio from the following Balance Sheet of a firm:

| Particulars | Amount Rs. | Particulars | Amount Rs. |
|-----------------------|---------------|----------------------|---------------|
| Sundry Debtors | 40000 | Debentures | 100000 |
| Creditors | 20000 | Inventories | 20000 |
| Bills Payable | 10000 | Outstanding expenses | 20000 |
| Prepaid expenses | 20000 | Bank Overdraft | 10000 |
| Short term investment | 10000 | Loose tools | 5000 |

(OR)

b) Interpret out Gross Profit Ratio from the following:

| | | | |
|------------------|---------------|---------------|--------------|
| Sales | Rs. 10,00,000 | Sales returns | Rs. 1,00,000 |
| Opening stock | Rs. 2,00,000 | Purchases | Rs. 6,00,000 |
| Purchase returns | Rs. 1,50,000 | Closing stock | Rs. 65,000 |

13. a) Show Funds from Operations from the following:

Profit and loss account

| Particulars | Amount | Particulars | Amount |
|------------------------------------|----------|--------------------------------|----------|
| To Administration expenses | 25,000 | By Gross Profit | 2,15,000 |
| To Selling expenses | 16,000 | By Interest on investment | 5,000 |
| To depreciation | 26,000 | By Profit on sale of machinery | 4,000 |
| To Loss on sale of building | 6,000 | | |
| To Goodwill written off | 5,000 | | |
| To Discount on issue of debentures | 2,000 | | |
| To Net profit | 1,44,000 | | |
| | 2,24,000 | | 2,24,000 |

(OR)

- b) Show a Cash flow statement from the following

Balance Sheet of a Company

| Liabilities | 2009 | 2010 | Assets | 2009 | 2010 |
|-----------------------|--------|--------|---------|--------|--------|
| Share capital | 400000 | 500000 | Cash | 60000 | 94000 |
| Trade Creditors | 140000 | 90000 | Debtors | 240000 | 230000 |
| Profit & Loss Account | 20000 | 46000 | Stock | 160000 | 180000 |
| | | | Land | 100000 | 132000 |
| | 560000 | 636000 | | 560000 | 636000 |

14. a) Show a Production budget from the following information:

| Product | Sales (Units) | Estimated stock (units) | |
|---------|---------------|---------------------------|----------------------------|
| | | 1 st July 2009 | 30 th June 2010 |
| A | 150000 | 14000 | 15000 |
| B | 100000 | 5000 | 14500 |
| C | 70000 | 8000 | 8000 |

(OR)

- b) List down the advantages of budgetary control.

15. a) Describe the advantages of Marginal Costing.

(OR)

- b) Calculate Break Even point from the following:

Sales 1000 units at Rs. 10 each Rs. 10,000

Variable cost – Rs. 6 per unit

Fixed cost – Rs. 8,000

SECTION – C**(5 X 5 = 25 MARKS)****ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS.****(K4 (Or) K5)**

16. a) Compare Management Accounting and Financial Accounting.

(OR)

- b) Discuss in detail the advantages and disadvantages of Management Accounting.

17. a) Interpret i) Current Ratio ii) Liquidity Ratio iii) Absolute Liquidity Ratio from the following information

| | | | | | |
|----------------------|-----------|---------|-------------|---------------|------------|
| Cash | Rs. 18000 | Debtors | Rs. 142000 | Closing stock | Rs. 180000 |
| Bills Payable | Rs. 27000 | | Creditors | Rs. 50000 | |
| Outstanding expenses | Rs. 15000 | | Tax payable | Rs. 75000 | |

(OR)

- b) Interpret i) Gross Profit ratio ii) Net Profit ratio
 iii) Operating Profit ratio iv) Operating ratio

Profit & Loss Account

| Particulars | Amount | Particulars | Amount |
|----------------------------|------------------|-------------------------|------------------|
| To Opening Stock | 2,00,000 | By Sales | 16,00,000 |
| To Purchases | 12,00,000 | By Closing Stock | 3,20,000 |
| To Gross Profit c/d | 5,20,000 | | |
| | 19,20,000 | | 19,20,000 |
| To Administration expenses | 1,20,000 | By Gross Profit b/d | 5,20,000 |
| To Selling expenses | 80,000 | | |
| To Operating profit c/d | 3,20,000 | | |
| | 5,20,000 | | 5,20,000 |
| To Finance expenses | 40,000 | By Operating profit b/d | 3,20,000 |
| To Loss on sale of assets | 5,000 | By Dividend received | 4,000 |
| To Net profit c/d | 2,79,000 | | |
| | 3,24,000 | | 3,24,000 |

18. a) Prepare Fund Flow Statement from the following Balance Sheets of a Company

| Liabilities | 2009 (Rs.) | 2010(Rs.) | Assets | 2009 (Rs.) | 2010(Rs.) |
|-------------------|-----------------|-----------------|---------|-----------------|-----------------|
| Capital | 2,00,000 | 2,50,000 | Land | 50,000 | 66,000 |
| Retained earnings | 10,000 | 23,000 | Stock | 80,000 | 90,000 |
| Creditors | 70,000 | 45,000 | Debtors | 1,20,000 | 1,15,000 |
| | | | Cash | 30,000 | 47,000 |
| | 2,80,000 | 3,18,000 | | 2,80,000 | 3,18,000 |

(OR)

b) Interpret Cash from Operations from the Trading and Profit & Loss account of K Ltd.,

| Particulars | Amount | Particulars | Amount |
|------------------------------------|----------|---------------------|----------|
| To Cost of goods sold | 2,40,000 | By Sales | 4,00,000 |
| To Gross profit c/d | 1,60,000 | | |
| | 4,00,000 | | 4,00,000 |
| To Stationery | 6,000 | By Gross Profit b/d | 1,60,000 |
| To Depreciation | 14,000 | | |
| To Salaries | 20,000 | | |
| To Loss on sale of investment | 2,000 | | |
| To Rent & Taxes | 8,000 | | |
| To Discount on issue of debentures | 4,000 | | |
| | 3,000 | | |
| To Postage | 20,000 | | |
| To Provision for tax | 10,000 | | |
| To Proposed dividend | 73,000 | | |
| To Net profit | | | |
| | 1,60,000 | | 1,60,000 |

19. a) Prepare a manufacturing overhead budget and ascertain the manufacturing overhead rates at 50% and 70% capacities. The following particulars are given at 60% capacity:

| | |
|--------------------------------------|--------------|
| Variable Overheads: | Rs. |
| Indirect material | 6000 |
| Indirect labour | 18000 |
| Semi-variable Overheads: | |
| Electricity (40% fixed) | 30000 |
| Repairs & maintenance (20% variable) | 3000 |
| Fixed Overheads: | |
| Depreciation | 16500 |
| Insurance | 4500 |
| Salaries | 15000 |
| Total overheads | 93000 |
| Estimated direct labour hours | 186000 hours |

(OR)

b) Prepare cash budget for the months May – July from the following

| Months | Sales Rs. | Purchase Rs. | Wages Rs. | Manufacturing Expenses Rs. | Office Expenses Rs. | Selling Expenses Rs. |
|--------|--------------|-----------------|--------------|----------------------------------|---------------------------|----------------------------|
| March | 60000 | 36000 | 9000 | 4000 | 2000 | 4000 |
| April | 62000 | 38000 | 8000 | 3000 | 1500 | 5000 |
| May | 64000 | 33000 | 10000 | 4500 | 2500 | 4500 |
| June | 58000 | 35000 | 8500 | 3500 | 2000 | 3500 |
| July | 56000 | 39000 | 9500 | 4000 | 1000 | 4500 |
| August | 60000 | 34000 | 8000 | 3000 | 1500 | 4500 |

- i) Cash balance on 1st May 2014 Rs. 8000.
- ii) Plant costing Rs. 16000 is due for delivery in July, payable 10% on delivery and the balance after 3 months.
- iii) Advance tax of Rs. 8000 each is payable in March and June.
- iv) Period of credit allowed (i) by suppliers – 2 months and (ii) to customers -1 month.
- v) Lag in payment of manufacturing expenses – ½ month & Wages paid on the same month.
- vi) Lag in payment of office expenses and selling expenses – 1 month.

20. a) Interpret i) P/V Ratio ii) Variable Cost and iii) Profit from the following data:

| | |
|------------------|------------|
| Sales | Rs. 80,000 |
| Fixed expenses | Rs. 15,000 |
| Break even point | Rs. 50,000 |

(OR)

b) Discuss in detail the applications of Marginal costing.
