(NO. OF PAGES: 5)

(FOR THE CANDIDATES ADMITTED **23UPA616**

DURING THE ACADEMIC YEAR 2023-2024 ONLY) **REG.NO. :**

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

END-OF-SEMESTER EXAMINATIONS :MAY-2026

BCOM PA **MAXIMUM MARKS: 75**

SEMESTER: VI **TIME : 3 HOURS**

PART - III

MANAGEMENT ACCOUNTING

SECTION – A **(10 X 1 = 10 MARKS)**

ANSWER THE FOLLOWING QUESTIONS. **(K1)**

1. The term management accounting was first coined in ________

   a) 1960 b) 1950 c) 1945 d) 1955

2. The use of management accounting is ________

   a) Optional b) Compulsory c) Legally obligatory d) Compulsory to some and optional to others

3. If a company revalues its assets, its net worth: _________

   a) Will improve b) Will remain same c) Will be positively affected d) None of the above.

4. In the funds flow statement, depreciation is __________

   a) Deducted from net profit b) added to net profit c) a source of working capital

   d) Ignored.

5. Which of the following is usually a long-term budget?

   a) Fixed budget b) cash budget c) sales budget d) capital expenditure budget.

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

6. Write about making financial accounts useful to Management.
7. Name any two types of ratios.
8. Name the two main parts of a Fund Flow Statement.
9. Which costs are most suitable for a Flexible Budget?
10. How does marginal costing help in pricing decisions?

SECTION – B **(5 X 5 = 25 MARKS)**

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

11. a) What is meant by management accounting?

(OR)

b) Examine the limitations of Management Accounting.

12. a) Calculate current ratio from the following information:

	Rs.		Rs.
Stock	60,000	Sundry Creditors	20,000
Sundry Debtors	70,000	Bills Payable	15,000
Cash Balances	20,000	Tax Payable	18,000
Bills Receivable	30,000	Outstanding Expenses	7,000
Prepaid Expenses	10,000	Bank Overdraft	25,000
Land and Building	1,00,000	Debentures	75,000
Goodwill	50,000		

(OR)

b) Calculate Quick Ratio from the information gives as such.

	Rs.			Rs.
Bank loan	1,00,000	Stock-in-trade		1,35,000
Sundry creditors	1,50,000	Sundry debtors	72,000	
Bills payable	20,000	*Less:* provision for doubtful debts	2,000	70,000
Creditors for expenses	10,000	Cash-in-hand		15,000
6% debentures	2,00,000	Cash at bank		1,10,000
Plant and machinery	3,00,000	Short-term investments		1,50,000
		Prepaid insurance		5,000

13. a) Sketch an estimate of working capital requirement from the following information of a trading concern:

A)	Project annual sales	1,00,000 units
B)	Selling Price	RS. 8 Per Unit
C)	% of net profit on sales	25%
D)	Average credit period allowed to customers	8 weeks
E)	Average credit period allowed by suppliers	4 weeks
F)	Average stock holding in terms of sales requirement	12 weeks
G)	Allow 10% for contingencies.	

(OR)

b) The Board of Directors of Complex Limited was not able to comprehend why the company was having a very low cash balance. The profits of the company were going up, and in the year ending 30th June 2000, the amount of profit was RS. 90,000. This was the highest amount, as compared to the corresponding figures of the last three years. You have been asked to show a Cash Flow statement with the help of the following information using direct method;

Balance sheet

Liabilities	**June30 1999**	**June 30 2000**	**Assets**	**June 30 1999**	**June 30 2000**
Issued and Paid up cpl	1,575.00	1,575.00	Long term assets	1,125.00	2,047,50
Profit & loss A/c	157.50	225.00	Closing stock	337.50	900.00
Mortgage Loan	-----	900.00	Prepayments (relative to administrative exp)	45.00	90.00
Tax unpaid (Accrued)	22.50	67.50			
Trade creditors	315.00	877.50	Trade Debtors	112.50	450.00
			Cash	450.00	157.50

14. a) The expenses for the production of 5,000 units in a factory are given as follows:

	Per unit Rs.
Materials	50
Labour	20
Variable Overheads	15
Fixed Overheads (Rs. 50,000)	10
Administrative expenses(5% variable)	10
Selling expenses(20% Fixed)	6
Distribution expenses(10% Fixed)	5
Total cost of sales per unit	Rs. 116

You are required to show a budget for the production of 7,000 units.

(OR)

b) From the following figures show Raw Material Purchase Budget for Jan. 2008:

Materials (Units)

	A	B	C	D	E	F
Estimated stock on Jan 1	16,000	6,000	24,000	2,000	14,000	28,000
Estimated stock on Jan 31.	20,000	8,000	28,000	4,000	16,000	32,000
Estimated consumption.	1,20,000	44,000	1,32,000	36,000	88,000	1,72,000
Standard Price per unit.	25 P.	5 P.	15 P.	10 P.	20 P.	30 P.

15. a) From the following information find out the amount of profit earned during the year using the marginal costing technique:

Fixed Cost	Rs. 2,50,000
Variable Cost	Rs. 10 per unit
Selling price	Rs. 15 per unit
Output level	75,000 units

(OR)

b)

Sales	Rs. 1,00,000
Profit	Rs. 10,000
Variable cost	70%

Findout

(i) P/V ratio, (ii) Fixed Cost (iii) Sales volume to earn a Profit of Rs. 40,000

SECTION – C (5 X 8 = 40 MARKS)

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

16. a) Discuss the objective of management accounting.

(OR)

b) Outline briefly the functions of management accounting.

17. a) Issued and Subscribed Capital:

Rs. 2,000 equity shares of Rs. 100 each	2,00,000		
1,000 8% preference share of Rs. 100 each	1,00,000		
	3,00,000		
Reserves and Surplus:			
Revenue Reserve		30,000	
Capital Reserve		50,000	
Reserves for Contingencies		20,000	1,00,000

Net profit before interest and tax	1,50,000
Interest and Charges	30,000
Tax Rate 50%	

Calculate return on shareholders' investment.

(OR)

b) Interpret operating ratio:

	Rs.
Cost of goods sold	3,50,000
Selling &Distribution Expenses	20,000
Administrative & Office expenses	30,000
Net Sales	5,00,000

18. a) From the following Balance sheets of the Company for the year ending 31st December 1998 and 31st December 1999. Prepare schedule of changes in working capital and a statement showing sources and application of funds.

	31st December			**31st December**	
	1998	**1999**		**1998**	**1999**
Liabilities	**RS**	**RS**	**Assets**	**RS**	**RS**
Share capital	3,00,000	4,00,000	Plant & machinery	50,000	60,000
Sundry Creditors	1,00,000	70,000	Furniture & Fixtures	10,000	15,000
P/L A/c	15,000	30,000	Stock – in – trade	85,000	1,05,000
			Debtors	1,60,000	1,50,000
			Cash	1,10,000	1,70,000
	4,15,000	**5,00,000**		**4,15,000**	**5,00,000**

(OR)

b) From the following information you are required to prepare Cash flow Statement of C.P Ltd. For the year ended on 31st December 1999 using the indirect method.

Balance Sheet

Liabilities	**1998**	**1999**	**Assets**	**1998**	**1999**
Share capital	70,000	70,000	Plant & machinery	50,000	91,000
Secured loans					
(Repayable in 2009)	--	40,000	Inventory	15,000	40,000
Creditors	14,000	39,000	Debtors	5,000	20,000
Tax payable	1,000	3,000	Cash	20,000	7,000
P&L A/c	7,000	10,000	Prepaid Expenses	2,000	4,000
	92,000	**1, 62,000**		**92,000**	**1,62,000**

19. a) A company manufacturers two products A and B and the budgeted data for the year are follows:

	Product A (RS)	**Product B (RS)**
Sales price per unit	100	75
Direct materials per unit	20	10
Direct wages per unit	5	4

Total works overhead	10,105	9,009
Total Marketing Overhead	1,200	1,100

The sales manager forecasts the sales in units as follows:

	Product A (units)	**Product B (units)**
January	28	10
February	28	12
March	24	16
April	20	20
May	16	24
June	16	24
July	18	20

It is assumed that (i) there will be no work – in progress at the end of any month and (ii) finished units equal to half the sales for the following month will be kept in stock.

Prepare a production budget for each month and production cost budget.

(OR)

b) The following information relates to a flexible budget at 60% capacity, Prepare the overhead costs at 50% and 70% capacity and also determine the overhead rates:

	Expenses at 60% capacity RS
Variable overheads:	
Indirect expenses	10,500
Indirect materials	8,600
Semi – Variable Overheads	
Repairs and Maintenance (70% fixed , 30% variable)	7,000
Electricity (50%fixed, 50% variable)	25,200
Fixed Overheads	
Office expenses including salaries	70,000
Insurance	4,000
Depreciation	20,000
Estimated direct labour hours	1,20,000

20. a) From the following particulars, Interpret the break – even point.

Variable cost per unit	15
Fixed expenses	54,000
Selling Price per unit	20

What should be the selling price per unit, if the break – even point should be brought down to Rs.6,000 units?

(OR)

b) From the following information of a company producing three products, you are required to compute (i) Composite P/V Ratio (ii) Composite Break – Even point:

Product	**Sales revenue**	**Variable cost**
X	RS.20,000	RS.10,000
Y	40,000	14,000
Z	60,000	16,000

****