

PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom(CS) DEGREE EXAMINATION MAY 2024
(Sixth Semester)

Branch – CORPORATE SECRETARYSHIP

MANAGEMENT ACCOUNTING

Time: Three Hours

Maximum: 50 Marks

SECTION-A (5 Marks)

Answer ALL questions

ALL questions carry EQUAL marks

(5 x 1 = 5)

1. Management Accounting helps management in

(i) Preparation of Final Accounts	(ii) Raising Finance
(iii) Filing Tax Returns	(iv) Decision Making
2. Ratio Analysis involves the process of

(i) Recording	(ii) Computation
(iii) Relationship between two items	(iv) None of the above
3. Dividend paid is usually treated as

(i) An Application of Cash	(ii) Source of Cash
(iii) Loss	(iv) Gain
4. A flexible budget is

(i) Budget for different capacity level	(ii) Budget for different departments
(iii) Budget for receipts & payments	(iv) None of the above
5. Contribution is

(i) Excess of sales over total cost	(ii) Excess of cost of sales over sales
(iii) Excess of sales over fixed cost	(iv) Excess of sales over variable cost

SECTION - B (15 Marks)

Answer ALL Questions

ALL Questions Carry EQUAL Marks

(5 x 3 = 15)

6. a Define Management accounting. What are its objectives?
OR
- b Explain the functions of Management accounting.
7. a Anand & Co. sells goods on cash as well as credit basis. The following particulars are extracted from the books of accounts for the calendar year 2019.

	Rs.
Gross Sales	1,00,000
Cash Sales (included in above)	20,000
Sales returns	7,000
Total Debtors as on 31-12-2019	9,000
Bills Receivable on 31-12-2019	2,000
Provision for doubtful debts on 31-12-2019	1,000
Total Creditors on 31-12-2019	10,000

Calculate the average collection period

OR

- b Current ratio 2.5: working capital Rs. 63,000. Calculate Current assets and Current liabilities.
8. a From the following balance sheets of C. Ltd., Prepare a sources and uses of funds statement for 2019.

	31 st December 2018	31 st December 2019
Assets	Rs.	Rs.
Cash	35,000	75,000
Accounts Receivable	98,000	90,000
Merchandise Inventory	87,000	1,20,000
Long term investments	15,000	10,000
Land	20,000	30,000
	2, 55,000	3, 25,000

Cont...

Liabilities	Rs.	Rs.
Accounts Payable	50,000	45,000
Bills Payable	20,000	55,000
Capital Stock	1, 25,000	1,50,000
Retained Earnings	60,000	75,000
	<u>2, 55,000</u>	<u>3, 25,000</u>

OR

- b From the following balance sheets of Kumar Ltd., Prepare a cash flow statement

Liabilities	June 30 2019 Rs.	June 30 2020 Rs.	Assets	June 30 2019 Rs.	June 30 2020 Rs.
Share Capital	80,000	85,000	Land	50,000	50,000
Retained earnings	14,500	24,500	Plant	24,000	34,000
Creditors	9,000	5,000	Debtors	16,500	19,500
Mortgage loan	-	5,000	Stock	9,000	7,000
			Cash	<u>4,000</u>	<u>9,000</u>
	<u>1, 03,500</u>	<u>1, 19,500</u>		<u>1, 03,500</u>	<u>1, 19,500</u>

9. a Contract the objectives of budgeting.

OR

- b From the following particulars presented by K. D. Ltd., Prepare a production budget of the year 2020

Product	Estimated Opening stock on 1.4.2019 (units)	Desired closing stock on 31.3.2020 (units)	Estimated sales during the year (units)
A	20,000	22,000	50,000
B	25,000	24,000	60,000
C	15,000	20,000	75,000
D	25,000	25,000	90,000

10. a The following information relating to a company is given to you.

	Rs.
Sales	4,00,000
Fixed cost	1,80,000
Variable cost	2,50,000

As certain how much the value of sales must be increased for the company to break-even.

OR

- b From the following data compute Material Mix Variance (MMV)

	Standard Mix	Actual Mix
Material X	150 Kgs. @ 30	175 Kgs. @ 30
Material Y	100 Kgs. @ 40	125 Kgs. @ 40
	<u>250</u>	<u>300</u>

SECTION -C (30 Marks)

Answer ALL questions

ALL questions carry EQUAL Marks

(5 x 6 = 30)

11. a Analyze the advantages and disadvantages of management accounting.

OR

- b Compare Management Accounting and Financial Accounting.

12. a The following is the Balance Sheet of Murali Ltd., as on 31
- st
- March 2018

Liabilities	Rs.	Assets	Rs.
Equity Share Capital	2,00,000	Land & Buildings	1,50,000
Pref. Share Capital	2,00,000	Plant & Machinery	2,50,000
General Reserve	80,000	Furniture & Fittings	50,000
Profit & Loss A/c	40,000	Stock	1,50,000
12% Debentures	2, 20,000	Debtors	70,000
Creditors	1,00,000	Bills Receivable	80,000
Bills Payable	50,000	Cash at bank	1,00,000
		Cash in hand	40,000
	<u>8,90,000</u>		<u>8,90,000</u>

Cont...

Calculate

- a) Current ratio
b) Quick ratio
c) Debt-equity ratio
- d) Proprietary ratio
e) Fixed assets to net worth ratio
f) Capital gearing ratio

OR

b Following ratios are related to the trading activities of Balu Ltd.,

Debtor's velocity	3 months
Stock velocity	8 months
Creditor's velocity	2 months
Gross profit ratio	25 percent

Gross profit for the year ended 31st December, 2019 amounts to Rs.4,00,000. Closing stock of the year is Rs.10,000 above the opening stock. Bills receivable amount to Rs.25,000 and Bills payable to Rs.10,000.

Find out: a) Sales b) Sundry debtors c) Closing stock and d) Sundry creditors

13. a The following is the Balance sheet of P.K. Ltd as on 31st December 2014 and 2015 are as follows

Liabilities	31.12.2014 Rs.	31.12.2015 Rs.	Assets	31.12.2014 Rs.	31.12.2015 Rs.
Share Capital	2,30,000	3,00,000	Land & Buildings	1,50,000	1,50,000
General Reserve	1,00,000	1,20,000	Plant & Machinery	1,00,000	60,000
Profit & Loss A/c	80,000	1,00,000	Furniture	40,000	40,000
Creditors	1,00,000	70,000	Investments	60,000	80,000
Prov for Taxation	90,000	30,000	Stock	1,20,000	2,00,000
Loan	--	60,000	Debtors	80,000	60,000
			Cash	50,000	90,000
	6,00,000	6,80,000		6,00,000	6,80,000

Additional Informations

- i) Provision for taxation made during the year Rs.15,000.
ii) Investments costing Rs.15,000 were sold during the year for Rs.18,000.
iii) During the year Plant & Machinery costing Rs.10,000 was sold for Rs.12,000. The profit was included in the profit and loss account.
iv) Dividend paid during the year amounted to Rs.30,000.
- Prepare a schedule of changes in working capital and a statement of sources and application of fund for the year 2015.

OR

b Compare cash from operations from the following figures:

1. Profit for the year 2013 is Rs. 10,000 after providing of depreciation of Rs.2,000
2. The current assets and current liabilities of the business for the year ending 31.12.2012 and 31.12.2013 as follows

	31.12.2012 Rs.	31.12.2013 Rs.
Sundry Debtors	10,000	12,000
Provision for bad debts	1,000	1,200
Bills receivable	4,000	3,000
Bills payable	5,000	6,000
Sundry creditors	8,000	9,000
Inventories	5,000	8,000
Short-term investments	10,000	12,000
Outstanding expenses	1,000	1,500
Prepaid expenses	2,000	1,000
Accrued income	3,000	4,000
Income received in advance	2,000	1,000

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14. a Form the following forecast information, prepare Cash Budget for the months April, May and June 2017

Months	Sales (Rs.)	Purchase (Rs.)	Expenses on wages (Rs.)	Other Expenses (Rs.)
2017 February	90,000	66,000	4,000	6,000
March	80,000	60,000	4,000	6,000
April	96,000	88,000	6,000	7,000
May	1,00,000	60,000	5,000	8,000
June	1,20,000	70,000	6,000	7,200

Additional Information

1. Customers are allowed a credit period of one month
2. Creditors allow a time-lag of two months for making payment
3. Wages of a month are paid in the next month
4. Other expenses of a month are paid in the first week of the next month
5. A machinery is to be bought for cash in May for Rs.32,000
6. Balance of cash on 1st April 2017 is Rs.8,000
7. All purchases and sales are on credit terms

OR

- b Draw up a flexible budget for overhead expenses on the basis of the following data and determine the overhead rates at 70%, 80% and 90% plant capacity.

	Capacity levels		
	70%	80%	90%
Variable overheads			
Indirect labour	-	12,000	-
Stores including spares	-	4,000	-
Semi-variable overheads			
Bower(30% fixed, 70% variable)	-	20,000	-
Repairs and maintenance (60% fixed, 40% variable)	-	2,000	-
Fixed overheads			
Depreciation	-	11,000	-
Insurance	-	3,000	-
Salaries	-	10,000	-
	-	62,000	-
Total overheads		1,24,000	
Estimated direct labour hours		(hrs)	

15. a 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.20,000
- v) Margin of safety in IInd period

Period	Sales Rs.	Profit Rs.
I	1,20,000	9,000
II	1,40,000	13,000

OR

- b From the following information, calculate

- i) Material Cost Variance
- ii) Material Mix Variance
- iii) Material Price Variance

Material	SQ (Kg)	SP (Rs.)	AQ (Kg)	AP (Rs.)
A	15	5	13	5.5
B	10	4	10	5.0
C	5	3	7	3.5
	<u>30</u>		<u>30</u>	

Z-Z-Z

END