PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)
BCom(CS) DEGREE EXAMINATION MAY 2025
(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. Trend Analysis is significant for-------
    (a) Profit Planning   (b) Working Capital Management
    (c) Capital rationing   (d) Forecasting and Budgeting

2. The ideal current ratio is-----
    (a) 5   (b) 4   (c) 3   (d) 2

3. The term 'fund' refers to -----
    (a) Reserve   (b) Working Capital
    (c) Profit   (d) Fixed capital

4. Standard costing is a
    (a) Method of costing   (b) Techniques for cost reduction
    (c) cost control technique   (d) none of the above

5. IRR is the rate of return at which
    (a)NPV is nil   (b) NPV is Positive
    (c) NPV is negative   (d) None of the above

SECTION - B (15 Marks)
Answer ALL Questions
ALL Questions Carry EQUAL Marks   (5 x 3 = 15)

6 (a). Analyse the objectives of Management Accounting.
                            (OR)
  (b). Brief out the advantages of Management Accounting.

7 (a). From the following given ratios and figures prepare a summarized balance sheet of XYZ
       Ltd., for the year ended 31.12.2005

Working Capital	Rs.60,000	Asset (fixed) proprietorship ratio	0.75
Reserves & Surplus	Rs.40,000	Current ratio	2.50
Bank Overdraft	Rs.10,000	Liquid ratio	1.50

                            (OR)
  (b). Calculate:
       i) Current Assets   when   Current Ratio = 2.6:1
       ii) Liquid Assets   Liquid Ratio = 1.5:1
       iii) Inventory   Current Liabilities = Rs.40000

8 (a) Ascertain operating profit before working capital changes from the following details:
            Net profit before tax and extraordinary items   Rs.2,00,000
            Dividend received on Long term investment in shares   Rs. 40,000
            Interest received on long term investment in debentures of other companies Rs.30,000
            Goodwill written off   Rs.20,000
            Discount on issue of shares written off   Rs. 10,000
            Preliminary expenses written off   Rs.25,000
            Depreciation charged on Fixed asset   Rs.65,000
            Profit on sale of equipment   Rs.10,000
            Loss on sale of long term investment   Rs.8,000
                            (OR)
  (b). From the following relating to Bright Ltd., Calculate funds lost in operation.
            Net loss for the year   Rs.90,000
            Dividend received   Rs.7,000
            Depreciation charged   Rs.10,000
            Profit on sale of asset   Rs.5,000
            Refund of tax   Rs.2,000

Cont...

9 (a). The following details relating to the investment proposal in a machine are available:
Cost of the machine   Rs.1,80,000
Estimated economic life 10 years
Operating time 2,000 hours
Production expected 48 units per hour
Wages per hour Rs.30
Power Rs.20,000
Other expenses Rs.34,000
Material per unit Rs.1
Selling per unit Rs.4.5
Tax rate 50%
(a) Ascertain the pay back period for the machine.
(b) If standard pay back period is 3 years would you recommend it's purchase?
Pay-back period 1.5 yrs annual net cash inflow after tax before depreciation Rs.1,30,000.

(OR)

(b) P ltd., is purchasing articles mostly manual labour and is considering to replace it by a new machine.There are two alternatives models P and R of the new machine. Prepare a statement of probability showing pay back period from the following.

	Machine P	Machine R
Cost of machine	4 years	5 years
Cost of machine	9,000	18,000
Estimated saving in scrap	500	800
Estimated savings in direct wages	6,000	8,000
Additional cost of maintenance	800	1,000
Additional cost of supervision	1200	1,800

10 (a). From the following particulars calculate (a) Material price variance b) Material usuage variance c) Material cost variance
Material Purchased - 3,000 kg at 6 per kg
Standard quantity of material fixed for one unit of finished product - 25kg at Rs.4 per kg
Opening stock of raw material - nil
Closing stock of material - 500kg
Actual output during the period - 80 units

(OR)

(b). Bring out the material cost variance from the following details:

	Standard	Actual
Quantity	400kg	460 kg
Price	Rs.2 per kg	Rs.1.5 per kg
Value	Rs.800	Rs.690

SECTION -C (30 Marks)
Answer any Three questions
ALL questions carry EQUAL Marks   (3 x 10 = 30)

11. Enumerate the nature and scope of management accounting.

12. Comment on the Financial Position of the company from the following balance sheet.
Balance sheet of Sundaram Ltd., as on 31-12-98

Liabilities	Rs.	Assets	Rs.
Equity share capital	2,00,000	Goodwill	1,20,000
Reserves	40,000	Fixed asset	2,80,000
Profit and Loss	60,000	Stock	80,000
Secured Loans	1,60,000	Debtors	40,000
Creditors	1,00,000	Bills Receivables	20,000
Provision for tax	40,000	Cash	60,000
	6,00,000		6,00,000

Prepare short term solvency ratio and long term solvency ratio.
A. Short term solvency ratio
1. Current Ratio 1.42 times.   2. Quick ratio 0.86 times
B. Long term solvency ratio

13.   From the following details, Calculate funds from operations.
       Salaries   5,000
       Rent   3,000
       Depreciation 5,000
       Provision for tax 4,000
       Loss on sale of plant 2,000
       Opening balance of P&L 25,000
       Transfer to general reserve 1,000
       Goodwill written off 2,000
       Dividend received 5,000
       Refund of tax 3,000
       Profit on sale of building 5,000
       Closing balance of P&L 60,000
       Discount on issue of debenture 2,000
       Provision on bad debts 3,000
       Proposed dividend 6,000

14.   Carry out the records of Samuel Co., for the following month of January 1997.
       Standard for labour
       Rate : Rs.50 per labour hour
       Hours set for the month : 10 hour
       Actual data for the month
       Units producer : 1,000
       Hours worked :12,000
       Actual labour cost Rs.7,20,000
       You are required to calculate labour variance.

15.   A Ltd., is considering the purchase of new machine which will carry out some operations. You
       are required to prepare the probability statement work out of pay-back period and rate of
       return on investment for each model.

	Model X	Model Y
Estimated Life	5 yrs	6 yrs
Cost of Machine	3,00,000	6,00,000
Cost of indirect materials	6,000	8,000
Estimated savings	10,000	15,000
Additional cost of maintenance	19,000	27,000
Estimated savings in indirect wages:		
Wages per employee	600	600
Employee not required	300	400

Taxation to be regarded at 50% of profit.

Z-Z-Z   END