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PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)
BCom DEGREE EXAMINATION DECEMBER 2025
(Sixth Semester)

Common to Branches – **COMMERCE / COMMERCE (BPS)**

MANAGEMENT ACCOUNTING

Time: Three Hours — Maximum: 50 Marks

SECTION-A (10 Marks)

Answer **ALL** questions
ALL questions carry **EQUAL** marks (5 × 1 = 5)

1. Management Accounting is mainly concerned with:
   a) Recording past financial transactions
   b) Providing information for decision-making
   c) Auditing financial accounts
   d) Preparing tax returns
2. The Quick Ratio is also known as:
   a) Acid Test Ratio
   b) Debt-Equity Ratio
   c) Gross Profit Ratio
   d) Return on Capital
3. Funds Flow Statement helps in analyzing:
   a) Cash movement in the business
   b) Sources and application of funds
   c) Profit distribution
   d) Fixed asset management
4. Budgetary Control is a system that helps in:
   a) Preparing tax statements
   b) Planning and controlling financial activities
   c) Recording past transactions
   d) Identifying cash flows
5. Break-even analysis determines:
   a) Maximum profit
   b) Profit after tax
   c) The point where total revenue equals total cost
   d) The net cash flow of a company

SECTION - B (15 Marks)

Answer **ALL** questions
ALL questions carry **EQUAL** Marks (5 × 3 = 15)

6 a) What are the objectives of Management Accounting?

[OR]

b) Discuss the steps for installation of Management accounting system.

7 a) You are given the following information:

	Rs
Cash	18,000
Debtors	1,42,000
Closing Stock	1,80,000
Bills Payable	27,000
Creditors	50,000
Outstanding Expenses	15,000
Tax payable	75,000

Calculate: (a) Current ratio; (b) Liquidity ratio; (c) Absolute liquidity ratio.

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[OR]

b)

Stock velocity	6
Capital Turnover ratio	2
Fixed assets turnover ratio	4
Gross profit	Rs. 60,000
Gross profit turnover ratio	20%
Reserves	Rs. 20,000
Closing stock was Rs. 5,000 in excess of opening stock	
Debtors velocity	2 months
Creditors velocity	73 days

From the above information calculate:
(a) Fixed assets (b) Debtors (c) Stock (d) Creditors

8 a) From the following particulars, calculate funds from operations: Salaries Rs. 40,000; Depreciation Rs. 20,000; Interest on Investments Rs. 10,000; Profit on sale of fixed assets Rs. 5,000; Provision for tax Rs. 30,000; Loss on sale of machinery Rs. 5,000; Interim dividend paid Rs. 20,000; Proposed dividend Rs. 30,000; Administrative expenses Rs. 25,000; Goodwill written off Rs.10,000; Preliminary expenses written off Rs. 5,000; Opening balance of profit and loss account Rs. 70,000; Closing balance of profit and loss account Rs. 1,20,000.

[OR]

b) Ascertain operating Profit before working Capital changes from the following details:

	Rs.
Net profit before tax and extraordinary items	2,00,000
Dividend received on Long-term investment in shares	40,000
Interest received on Long-term investment in debentures of other companies	30,000
Goodwill written off	20,000
Discount on issue of shares written off	10,000
Preliminary expenses written off	25,000
Depreciation charged on Fixed Assets	65,000
Profit on sale of equipment	10,000
Loss on sale of Long-term investments	8,000

9 a) Prepare a production budget for three months ending March 31,2008 for a factory producing four products, on the basis of the following information.

Type of product	Estimated Stock on January 1, 2008 Units	Estimated Sales during January – March, 2008 Units	Desired Closing stock March 31, 2008 Units
A	2,000	10,000	5,000
B	3,000	15,000	4,000
C	4,000	13,000	3,000
D	5,000	12,000	2,000

[OR]

b) From the particulars given below prepare a Cash Budget for the month June 2008:

a. Expected sales:
April 2008 – Rs. 2,00,000; May – Rs. 2,20,000:
June -Rs. 1,90,000.
Credit allowed to customers in two months and 50% of the sales of every month is on cash basis.

b. Estimated Purchases:
May 2008- Rs. 1,20,000; June – Rs. 1,10,000
40% of the purchase of every month is on cash basis and the balance is payable next month.

c. Rs. 2,000 is payable as rent every month

14 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.

	At 70% capacity Rs.	At 80% capacity Rs.	At 90% capacity Rs.
Variable Overheads:			
Indirect labour	-	12,000	-
Stores including spares	-	4,000	-
Semi Variable Overheads:			
Power (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	-
Total Overheads	-	**62,000**	-

Estimated direct labour hours: 1,24,000 hrs.

15 SV ltd., a multi-product company, furnishes you the following data relating to the year 1999:

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

Assuming that there is no change in prices and variable costs and that the fixed expenses are incurred equally in the two half year periods calculate for the year 1999:

(i) The profit volume ratio

(ii) Fixed expenses

(iii) Break-even sales

(iv) Percentage of margin of safety.

Z-Z-Z END

d. Time lag in payment of overhead is ½ month.
Overhead: For May Rs. 12,000; For June Rs. 11,000
e. Depreciation for the year is Rs. 12,000.
f. Interest receivable on investment during June and December Rs.3,000 each.
g. Estimated cash balance as on 1-6-2008 is Rs. 42,500.

10 a) From the following particulars find out the B.E.P. What will be the selling price per unit if B.E.P. is to be brought down to 9,000 units?
Variable cost per unit - Rs. 75
Fixed expenses - Rs. 2,70,000
Selling price per unit - Rs. 100

[OR]

b) The standard material and standard cost per kg of material required for the production of one unit of product A is as follows:
Material – 5 Kgs.
Standard Price – Rs. 5 per Kg.
The actual production and related material data are as follows:
400 units of Product A
Material used 2,200 Kgs.
Price of Material Rs. 4.50 per kg
Calculate: (1) Material cost variance
(2) Material Usage Variance
(3) Material Price Variance

SECTION -C (30 Marks)

Answer **ANY THREE** questions
ALL questions carry **EQUAL** Marks (3 × 10 = 30)

11 Explain in detail the scope and function of Management Accounting.

12 With the help of the following ratios regarding Indu films, draw the balance sheet of the company for the year 1999.

Current Ratio	2.5
Liquidity Ratio	1.5
Net Working Capital	Rs. 3,00,000
Stock Turnover Ratio (cost of sales/closing stock)	6 times
Gross Profit Ratio	20%
Debt Collection Period	2 months
Fixed Assets Turnover Ratio (on cost of sales)	2 times
Fixed Assets to Shareholder's net worth	0.80
Reserves and Surplus to Share Capital	0.50

13 Balance Sheet of M/s Black and White as on 1.1.99 and31.12.1999 were as follows:

Liabilities	1.1.99 Rs.	31.12.99 Rs.	Assets	1.1.99 Rs.	31.12.99 Rs.
Creditors	40,000	44,000	Cash	10,000	7,000
Mrs. White Loan	25,000	-	Debtors	30,000	50,000
Loan from P.N. Bank	40,000	50,000	Stock	35,000	25,000
Capital	1,25,000	1,53,000	Machinery	80,000	55,000
			Land	40,000	50,000
			Building	35,000	60,000
	2,30,000	**2,47,000**		**2,30,000**	**2,47,000**

During the year a machine costing Rs. 10,000 (accumulated depreciation Rs. 3,000) was sold for Rs. 5,000. The provision for depreciation against machinery as on 1.1.1999 was Rs. 25,000 and on 31.12.1999 Rs. 40,000. Net Profit for the year 1999 amounted to Rs.45,000. You are required to prepare Funds Flow Statement.

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