

**SHRIMATHI DEVKUNVAR NANALAL BHATT VAISHNAV COLLEGE FOR WOMEN
(AUTONOMOUS)**

(Affiliated to the University of Madras and Re-accredited with 'A+' Grade by NAAC)
Chromepet, Chennai — 600 044.

B.Com.(PA) END SEMESTER EXAMINATIONS APRIL-2022

SEMESTER - VI

19UPACT6017 - Management Accounting

Total Duration : 3 Hrs.

Total Marks : 60

Section A

Answer any **SIX** questions ($6 \times 5 = 30$ Marks)

1. What are the importances of Management Accounting?
2. Compute: (a) current Ratio (b) liquidity Ratio (c) Absolute Liquidity Ratio from the following information: cash Rs.18,000, Debtors Rs.1,42,000, Closing Stock Rs.1,80,000, Bills Payable Rs.27,000, Creditors Rs.50,000, Outstanding expenses Rs.15,000 and Tax payable Rs.75,000.
3. Calculate cash from operation:

Particulars	Rs.
Net profit	1,00,000
Loss on sale of machinery	10,000
Depreciation on building	4,000
Machinery	5,000
Formation expenses written off	5,000
Provision for taxation	10,000
Goodwill written off	5,000
Gain on sale of building	8,000

4. The Venus company plans to sell 1,08,000 units of a certain product in the month of April, 1,20,000 units in the month of May, 1,32,000 units in the month of June and 1,56,000 units in the month of July and 1,38,000 units in the month of August. At the end of each month the company plans to have an inventory equal to one-sixth of the sales for the month. Prepare production budget.
5. Calculate the trend percentage from the following taking 2001 as the base year:

Year	Sales	Stock	Profit before tax
2001	1,881	709	321
2002	2,340	781	435
2003	2,655	816	458
2004	3,021	944	527
2005	3,768	1154	672

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6. A Ltd. Sells goods on cash as well as on credit. The following particulars for 2003:

Total sales Rs.2,00,000,cash sales Rs.20,000,sales return Rs.7,000,provision for doubtful debts Rs.1,000,total Debtors on 31.12.03 Rs.9,000,bills receivable on 31.12.03 Rs.2,000,trade creditors on 31.12.03 Rs.10,000. calculate average collection period.

7. A radio manufacturing company finds that while it costs Rs.6.25 each to make component X,the same is available in the market at Rs.5.75 each,with an assurance of continued supply, the breakdown of costs is:

	Rs.
Material	2.75 each
Labour	1.75 each
Other variable costs	0.50 each
Depreciation and other fixed costs	1.25 each
	6.25

- (i) Should you make or buy?
(ii) What would be your decision if the supplier offered the component at Rs.4.85 each?
8. A company wants to buy a new machine. There are two alternative models A and B available. Prepare a statement of profitability and suggest the suitable machine using payback period method.

	Machine A	Machine B
Estimated life	4 years	5 years
Cost of machine	50,000	60,000
Estimated savings in scrap	18,000	19,000
Estimated savings in labour	8,000	6,000
Additional cost of maintenance	2,000	2,000
Tax	50%	50%
Depreciation	Fixed percentage	

Section B

Answer any **THREE** questions ($3 \times 10 = 30$ Marks)

9. Briefly explain Management Accounting differ from Financial Accounting.

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10. The following are the balance sheet of a concern for the years 2000 and 2001.
Prepare a comparative balance sheet.

Liabilities	2000	2001	Assets	2000	2001
Equity share Capital	6,00,000	8,00,000	Land & Building	3,70,000	2,70,000
Reserves & surplus	3,30,000	2,22,000	Plant & Machinery	4,00,000	6,00,000
Debentures	2,00,000	3,00,000	Furniture	20,000	25,000
Long term loan	1,50,000	2,00,000	Other Fixed Asset	25,000	30,000
Bills payable	50,000	45,000	Cash In Hand, Bank	20,000	80,000
Creditors	1,00,000	1,20,000	Bills Receivable	1,50,000	90,000
Other current liabilities	5,000	10,000	Debtors	2,00,000	2,50,000
			Stock	2,50,000	3,50,000
			Prepaid exp.		2,000
	14,35,000	16,97,000		14,35,000	16,97,000

11. Calculate: Gross profit ratio, Net profit ratio, Operating profit ratio and Operating ratio:

Trading and Profit and Loss Account

To cost of sales	16,400	By sales	21,000	
To gross profit	3,600	less:sales return	1,000	20,000
	<hr/>			<hr/>
	20,000			20,000
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To administrative exp.	1,300	By gross profit		3,600
To selling exp.	700	By income from investment		200
To depreciation	200			
To interest	100			
To net profit	1,500			
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	3,800			3,800
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12. From the following balance sheet prepare cash flow statement:

Liabilities	2013	2014	Assets	2013	2014
Equity share capital	3,00,000	4,00,000	Good will	1,15,000	90,000
8%redeem. Pref.share	1,50,000	1,00,000	Land & Building	2,00,000	1,70,000
General reserve	40,000	70,000	Plant	80,000	1,70,000
Profit and Loss a/c	30,000	48,000	Debtors	1,60,000	2,00,000
Proposed Dividend	42,000	50,000	Bills receivable	20,000	30,000
Creditors	55,000	83,000	Stock	77,000	1,09,000
Bills Payable	20,000	16,000	Cash in Hand	15,000	10,000
Provision for Taxation	40,000	50,000	Cash at Bank	10,000	8,000
	6,77,000	8,17,000		6,77,000	8,17,000

Additional information:

- Depreciation of 10,000 and 20,000 has been charged on plant and land building respectively.
- Interim dividend of 20,000 has been paid in 2014.
- Income tax 35,000 was paid during the year 2014.

13. Prepare a flexible budget for overheads on the basis of the following data.

Ascertain the overheads rates at 50%,60% and 70% capacity.

Variable overheads	at 60%capacity
Indirect material	6,000
Indirect labour	18,000
<u>Semi variable overheads:</u>	
Electricity (40%fixed, 60%variable)	30,000
Repairs (80% fixed,20%variable)	3,000
<u>Fixed overheads:</u>	
Depreciation	16,500
Insurance	4,500
Salaries	15,000
Total overheads	93,000
Estimated direct labour hours	1,86,000
