

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.

M.Com.(CS) - END SEMESTER EXAMINATIONS NOVEMBER - 2023

SEMESTER - III

21PMCET3002 - Management Accounting

Total Duration : 2 Hrs. 30 Mins.

Total Marks : 60

Section B

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

1. What is management accounting? How is it helpful to management?
2. Calculate the payback period for a project which requires a cash outlay of Rs.10,000 and generates cash inflows of Rs.2,000, Rs.4,000, Rs.3,000 and Rs.2,000 in the first, second, third and fourth years respectively.
3. What are the uses of Break-Even Analysis?
4. Explain the advantages and limitations of Zero Base Budgeting.
5. From the following balance sheet extracts, calculate trend percentage with 2015 as base year:

Particulars	2015	2016	2017	2018
Stock	1,500	1,700	1,900	2,300
Debtors	1,400	1,200	800	900
Cash	600	500	500	600

6. Calculate cash from operations from the following:

Profit & Loss A/c

Particulars	Rs.	Particulars	Rs.
To Rent	6,000	By Gross profit	25,000
To Depreciation	2,000	By Profit on sale of land	5,000
To Loss on sale of plant	1,000	By Refund of income tax	3,000
To Goodwill written off	4,000		
To Proposed dividend	5,000		
To Provision for tax	5,000		
To Net profit	10,000		
	33,000		33,000

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7. Calculate the break- even point and the P/V Ratio.

Particulars	Rs.
Fixed overhead	1,20,000
Variable overhead	2,00,000
Direct wages	1,50,000
Direct materials	4,10,000
Sales	10,00,000

8. For the production of 5,000 units to a factory are furnished below:

Particulars	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	116

Prepare the flexible budget for the production of 7,000 units.

Section C

I - Answer any **TWO** questions (2 × 10 = 20 Marks)

9. How does Management Accounting differ from Cost Accounting?

10. From the following figures, Calculate the creditors turnover ratio:

Particulars	Rs.
Total purchases	6,00,000
Cash purchases	2,50,000
Bills payable on 01-01-2019	25,000
Bills payable on 31-12-2019	75,000
Sundry Creditors on 01-01-2019	1,50,000
Sundry Creditors on 31-12-2019	1,50,000

11. Beta company wants to buy either Machine A or Machine B Under Net Present Value method give your suggestion.

Year	Annual Cash inflow		PV of Re.1 at 10%
	A (Rs.)	B (Rs.)	
I	40,000	1,20,000	0.91
II	1,20,000	1,60,000	0.83
III	1,60,000	2,00,000	0.75
IV	2,40,000	1,20,000	0.68
V	1,60,000	80,000	0.62

Each machine requires initial investment of Rs.5,00,000.

12. Following details are given:

Year	Sales (Rs.)	Profit (Rs.)
2020	10,00,000	2,00,000
2021	15,00,000	4,00,000

Calculate (i) P/V ratio; (ii) Fixed cost; (iii) BEP (value); (iv) profit on sale of Rs.20,00,000; (v) Sales required to make a profit of Rs.6,00,000.

II - Compulsory question (1 × 10 = 10 Marks)

13. A firm expects to have Rs.30,000 on 1st May 2021 and requires you to prepare an estimate of the cash position during the 3 months May to July 2021. The following information is supplied to you.

Month	Sales	Purchases	Wages	Factory Expenses	Office Expenses	Selling Expenses
March	40,000	24,000	6,000	3,000	4,000	3,000
April	46,000	28,000	6,500	3,500	4,000	3,500
May	50,000	32,000	6,500	4,000	4,000	3,500
June	72,000	36,000	7,000	4,400	4,000	4,000
July	84,000	40,000	7,250	4,250	4,000	4,000

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Other information:

- a. 25% of the sale is for cash, remaining amount is collected in the month following that of sale.
 - b. Suppliers supply goods on two months credit;
 - c. Delay in payment of wages and all other expenses in one month;
 - d. Income tax of Rs.10,000 is due to be paid in July;
 - e. Preference share dividend at 10% on Rs.1,00,000 is to be paid in May.
- Prepare cash budget from the following information.
