

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. BIM - END SEMESTER EXAMINATIONS APRIL - 2024
SEMESTER - VI

21UBBCT6019 - Management Accounting

Total Duration : 2 Hrs. 30 Mins.

Total Marks : 60

Section B

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

1. Differentiate between management accounting and cost accounting.
2. Describe the nature of financial statements.
3. The following are the income statements of Jothi Ltd., for the year ending 31st December 2022 and 2023. You are required to prepare a comparative income statement for two years.

	31.12.22 (₹)	31.12.23 (₹)
Net Sales	10,00,000	12,00,000
Cost of Goods Sold	5,50,000	6,05,000
Operating Expenses:		
Administration	80,000	1,00,000
Selling	60,000	80,000
Non-Operating Expenses:		
Interest	40,000	50,000
Income Tax	50,000	80,000

4. From the following balance sheet extracts, compute trend percentages and comment on the liquidity position of A Ltd. You may take 2018 as the base year.

Particulars	2018	2019	2020	2021	2022
Stock	1,50,000	1,70,000	1,90,000	2,30,000	2,20,000
Debtors	1,40,000	1,20,000	80,000	9,00,000	1,00,000
Cash	60,000	50,000	50,000	60,000	90,000
Current Liabilities	3,00,000	3,20,000	3,00,000	2,80,000	2,40,000

5. What are the advantages and disadvantages of Ratio Analysis.

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6. Draw up a flexible budget for production at 75% capacity on the basis of the following data for a 50% activity.

Particulars	Per Unit (Rs.)
Materials	- 100
Labour	- 50
Variable expenses (direct)	- 10
Administrative expenses (50% fixed)	- 40,000
Selling & distribution expenses (60% fixed)	- 50,000
Present production (50% activity)	- 1,000 units

7. A company produces two products R and S. The following are the materials consumed for the production of 100 tons of output.

Product R		Product S	
Material	Quantity (Tons)	Price (₹)	Quantity (Tons)
A	20	10 per ton	40
B	30	5 per ton	-
C	40	8 per ton	20
D	20	20 per ton	30
E	5	50 per ton	20

During the quarter ended 31st March 2020, 500 tons of R and 400 tons of S were planned to be produced. Prepare a material consumption budget showing the total cost of material budgeted to be consumed for the quarter.

8. You are required to prepare a production budget for the half year ending June 2020 from the following information:

Product	Budgeted Sales Quantity (units)	Actual Stock on 21.12.2019 (units)	Desired Stock on 31.06.2020 (units)
S	20,000	4,000	5,000
T	50,000	6,000	10,000

Section C

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

9. Classify financial statement analysis.

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10. Given below is the summarised balance sheet an Profit & Loss of Raja Sugar Mills Ltd., as on 31.12.2018. You are required to calculate:

- (i) Current ratio
- (ii) Quick ratio
- (iii) Fixed assets ratio
- (iv) Debt equity ratio
- (v) Proprietary ratio
- (vi) Stock turnover ratio
- (vii) Fixed assets turnover ratio
- (viii) Return on capital employed
- (ix) Debtors turnover ratio
- (x) Creditors turnover ratio.

Balance Sheet as on 31.12.2018

Liabilities	₹	Assets	₹
Issued capital:		Land and Building	30,00,000
40,000 shares of 100 each	40,00,000	Plant and Machinery	16,00,000
Reserves	18,00,000	Stock	29,60,000
Creditors	26,00,000	Debtors	14,20,000
Profit & Loss account	6,00,000	Cash at bank	6,20,000
6% Debentures	6,00,000		
	96,00,000		96,00,000

Profit and Loss Account

Particulars	₹	Particulars	₹
To Opening stock	19,90,000	By Sales	1,70,00,000
To Purchases	1,09,05,000	By Closing stock	29,80,000
To Direct expenses	2,85,000		
To Gross Profit	68,00,000		
	1,99,80,000		1,99,80,000
To Administration expenses	30,00,000	By Gross Profit b/d	68,00,000
To Selling & Distribution exp	6,00,000	By Non-operating income	1,80,000
To Financial expenses	3,00,000		
To Other non-operating exp.	80,000		
To Net Profit	30,00,000		
	69,80,000		69,80,000

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11. Calculate the earnings per share from the following information:

Net Profit Before Tax	₹10,00,000
Tax on Profit	50%
15% Preference share capital (₹10 each)	₹2,00,000
Equity share capital 4,700 shares of ₹10 each	₹4,70,000

12. From the following data forecast the cash position at the end of April, May and June 2018.

Month	Sales (₹)	Purchases (₹)	Wages (₹)	Sales Exp. (₹)
February	1,20,000	80,000	10,000	7,000
March	1,30,000	98,000	12,000	9,000
April	70,000	1,00,000	8,000	5,000
May	1,16,000	1,03,000	10,000	10,000
June	85,000	80,000	8,000	6,000

Further information:

Sales at 10% realised in the month of sales. Balance equally realised in two subsequent months.

Purchases: Creditors are paid in the month following the month of supply.

Wages: 20% paid in arrears in the following month.

Sundry expenses paid in the month itself.

Income tax ₹20,000 payable in June.

Dividend ₹12,000 payable in June.

Income from investments ₹2,000 received half yearly in March and September.

Cash balance on hand as on 01.04.18 ₹40,000.

13. Explain the steps to be taken to install a sound budgetary system.
