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DHANALAKSHMI SRINIVASAN COLLEGE OF ARTS & SCIENCE FOR WOMEN (AUTONOMOUS)

(For Candidates admitted from 2018-2019 onwards)

UG DEGREE EXAMINATIONS APRIL - 2021

B.Com., - COMMERCE

MANAGEMENT ACCOUNTING

Time: 3 Hrs **Max.Marks: 75**

PART - A

CHOOSE THE CORRECT ANSWER **(10X1=10)**

1. Management accounting helps management in
   - a) Preparation of Financial Accounts
   - b) Raising Finance
   - c) Filing Tax Returns
   - d) Decision Making
2. Management accounts is suitable for
   - a) Small Businesses
   - b) Co-operative societies
   - c) Non-profit organisations
   - d) Large Industrial and Trading concerns
3. Trend analysis is significant for
   - a) Profit Planning
   - b) Forecasting and Budgeting
   - c) Working Capital Management
   - d) Capital Rationing
4. The 'Safe Level' for proprietary ratio is…………
   - a) 0.50 b) 2 c) 1 d) 3
5. Sale of a fixed assets is.
   - a) An item of funds from operation
   - b) An external source of funds.
   - c) An application of funds
   - d) A non fund item
6. 'Cash Flows' include.
   - a) Cash receipts only
   - b) Cash payments only
   - c) Cash receipts and payments
   - d) Cash and non-cash income and expenses
7. Payback period is ascertained on the basis of
   - a) Cash flows before depreciation and tax
   - b) Cash flows after depreciation and tax
   - c) Cash flows after tax before depreciation
   - d) None of these
8. IRR is the rate of return at which
   - a) NPV is nil
   - b) NPV is positive
   - c) NPV is negative
   - d) None of these

9. A master budget is

a) Budget for assets and liabilities
b) Budget of profit or loss
c) Budget for managerial remuneration
d) Budget for operations of the entire organisation

10. Zero base budgeting refers to

a) Short term and long term budgeting
b) Performance reporting
c) Responsibility accounting
d) Justification of every item in the budget afresh.

PART- B

ANSWER ALL THE QUESTIONS: **(5X7=35)**

11. a) Explain the scope of Management Accounting?

(OR)

b) What are the functions of a Management Accounting?

12. a) M/s. Asoka Ltd. has submitted the following Balance sheet as on 30th June 2000.

	Rs.		Rs.
Equity Capital	1,50,000	Fixed Assets	1,62,000
Revenue reserves	30,000	Current Assets	
8% Debentures	20,000	Stock	22,000
Current Liabilities		Debtors	51,000
Sundry Creditors	49,000	Bills Receivable	2,000
		Bank	12,000
	2,49,000		2,49,000

Find the current ratio and quick ratio and comment on the financial condition of the company.

(OR)

b) Explain the importance of financial statement analysis.

13. a) From the following summarised balance sheets of Sri Krishna Ltd., prepare a schedule of changes in working capital and a statement of sources and application for funds.

Liabilities	1998 Rs	1999 Rs	Assets	1998 Rs	1999 Rs
Share Capital	4,00,000	5,75,000	Plant	75,000	1,00,000
Creditors	1,06,000	70,000	Stock	1,21,000	1,36,000
Profit and Loss A/c	14,000	31,000	Debtors	1,81,000	1,70,000
			Cash	1,43,000	2,70,000
	5,20,000	6,76,000		5,20,000	6,76,000

(OR)

b) Describe the limitations of funds flow statement.

14. a) Project X initially costs Rs.25,000. It generates the following cash inflows:

Year	Cash inflows	Present Value of Re.1 at 10%
1	Rs.9,000	0.909
2	Rs.8,000	0.826
3	Rs.7,000	0.751
4	Rs.6,000	0.683
5	Rs.5,000	0.621

Taking the cut-off rate as 10%, suggest whether the project should be accepted or not.

(OR)

b) Explain the various methods of evaluating capital expenditure.

15. 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) Product X requires 20 kgs. Of material at Rs.4 per kg. The actual consumption of material for the manufacturing of product X came to 24 kgs. Of material at Rs.4.50 per Kg. Calculate.

i) Material Cost Variance ii) Material Price Variance and iii) Material Usage Variance.

PART - C

ANSWER ANY THREE QUESTIONS **(3X10=30)**

16. Explain what are the characteristics of Management Accounting?

17. Assuming that the cost structure and selling prices remain the same in periods I and II find out:

i) P/ V ratio
ii) B.E. Sales
iii) Profit when sales are Rs.1,00,000
iv) Sales required to earn a profit of Rs.20,000
v) Margin of Safety in IInd period

Period	Sales Rs.	Profit Rs.
I	1,20,000	9,000
II	1,40,000	13,000

18. Prepare a cash flow statement for the year ending 31st March 2000 from the Balance Sheets given below:

Liabilities	March 31 1999 Rs.	March31 2000 Rs.	Assets	March 31 1999 Rs.	March31 2000 Rs.
Share Capital	5,00,000	6,50,000	Fixed Assets	4,00,000	5,00,000
General reserve	1,00,000	1,50,000	Less: dep		
Profit & Loss a/c	50,000	1,50,000	reciation	-	50,000
7% Debentures	2,00,000	2,00,000			
Creditors	2,00,000	2,00,000		4,00,000	4,50,000
Proposed Dividend	50,000	65,000	Investments	1,00,000	1,00,000
			Debtors	2,00,000	3,00,000
			Stock	2,00,000	2,50,000
			Cash	1,50,000	3,15,000
			Mis. Exp.	50,000	-
	11,00,000	14,15,000		11,00,000	14,15,000

19. A company has to choose one of the following two mutually exclusive projects. Investment required for each project is Rs.15,000. Both the projects have to be depreciated on straight-line basis. The tax rate is 50%.

Year	Profit before depreciation Project A Rs.	Project B Rs.
1	4,200	4,200
2	4,800	4,500
3	7,000	4,000
4	7,000	5,000
5	2,000	10,000

Calculate pay-back period.

20. The expenses for budgeted production of 10,000 units in a factory are furnished below:

	Per Unit Rs.
Material	70
Labour	25
Variable Overheads	20

Fixed Overheads (Rs.1,00,000)	10
Variable Expenses (Direct)	5
Selling Expenses (10% Fixed)	13
Distribution Expenses (20% Fixed)	7
Administration Expenses	5
Total Cost per unit	155

Prepare budge for production of:

a) 8,000 units

b) 6,000 units

c) Indicate cost per unit at both the levels

Assume that administration expenses are fixed for all levels of production.