

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. A&F - END SEMESTER EXAMINATIONS - APRIL 2025

SEMESTER - VI

20UAFCT6017 - Management Accounting

Total Duration : 2 Hrs.30 Mins.

Total Marks : 60

Section B

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

1. From the following information extracted from the Balance Sheets of Star Ltd. for four previous financial years, calculate the trend percentages taking 2020-21 as the base year:

Particulars	2020-21 (in lakhs)	2021-22 (in lakhs)	2022-23 (in lakhs)	2023-24 (in lakhs)
Current Assets				
Cash	200	240	400	220
Bank	260	300	200	240
Debtors	400	600	1,000	1,600
Stock	800	1,200	1,800	2,000
Non-Current Assets				
Building	1,000	1,200	1,200	1,200
Plant and Machinery	2,000	2,400	2,400	2,800
Total	4,660	5,940	7,000	8,060

2. Explain the usefulness of Cash Flow Statement.
3. The expenses budgeted for production of 10,000 units in a factory are furnished below:

	Per unit Rs.
Materials	70
Labour	25
Variable overhead	20
Fixed overhead(Rs.1,00,000)	10
Variable expenses(Direct)	5
Selling expenses(10% fixed)	13
Distribution expenses (20% fixed)	7
Administration expenses (50,000) (Fixed for all levels)	5
Total cost per unit (to make and sell)	155

Prepare a flexible budget for the production of (a) 8,000 units and (b) 6,000 units.

4. A manufacturing company is planning to invest ₹2,00,000 in a new machine. The expected annual cash inflows from the machine are as follows:
- Year 1: ₹50,000
 - Year 2: ₹60,000
 - Year 3: ₹70,000
 - Year 4: ₹80,000

Calculate the Payback Period for the investment.

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5. Explain the benefits of Ratio Analysis.
6. From the following profit and loss account of Gori Ltd., for the year ended 31st December 2004 and 2005, you are required to prepare a comparative income statement for the years 2024 and 2005.

Profit and Loss Account

(Rs. in lakhs)

Particulars	2004	2005	Particulars	2004	2005
To Cost of goods sold	600	750	By Net Sales	800	1,000
To Administrative expenses	20	20			
To Selling expenses	30	40			
To Net profit	150	190			
	800	1,000		800	1,000

7. XYZ Ltd., is preparing a Cash Budget for the upcoming month. The following transactions are expected:

- Opening Cash Balance: ₹20,000
- Expected Cash Inflows:
- Cash Sales: ₹80,000
- Receivables Collection: ₹50,000
- Expected Cash Outflows:
- Raw Material Purchase: ₹40,000
- Salary Payments: ₹30,000
- Rent & Utilities: ₹10,000
- Miscellaneous Expenses: ₹5,000

Calculate the closing cash balance for the month.

8. A company is evaluating an investment of ₹1,50,000 in a project. The project is expected to generate cash inflows of ₹50,000 per year for 4 years. The discount rate is 10%, and the present value factors for 10% over 4 years are:

- Year 1: 0.909
- Year 2: 0.826
- Year 3: 0.751
- Year 4: 0.683

Calculate the Net Present Value (NPV).

Section C

Answer any **THREE** questions (3 × 10 = 30 Marks)

9. Show the difference between Financial Accounting and Management Accounting.
10. From the following information, calculate, debtors turnover ratio and average collection period.

Particulars	Rs.
Total debtors (opening balance)	2,00,000
Cash sales	1,50,000
Credit sales	10,00,000
Cash collected	7,80,000
Sales returns	60,000
Bad debts	40,000
Discount allowed	20,000
Provision for bad debts	25,000

No. of days in a year – 360.

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11. The following are the summary of cash transactions extracted from the books of Happy Ltd.:

Particulars	Rs. in '000
Balance as on 1 st April, 2023	140
Receipts from customers	11,132
Issue of shares	1,200
Sale of fixed assets	512
Total	12,984
Payments to suppliers	8,188
Payments for fixed assets	920
Payments for overheads	460
Wages and salaries	276
Taxation	972
Dividends	320
Repayment of bank loans	1,000
Total	12,136

Balance as on 31st March, 2024 Rs.848

You are required to prepare a cash flow statement of the company for the period ended 31st March, 2024 in accordance with the Accounting Standard- 3

12. Classify the merits and Demerits of Budgetary Control.

13. ABC Ltd., is considering an investment of ₹3,00,000 in a new project. The expected cash inflows from the project are as follows:

- Year 1: ₹80,000
- Year 2: ₹90,000
- Year 3: ₹1,00,000
- Year 4: ₹1,10,000

The expected annual accounting profits for the project are:

- Year 1: ₹30,000
- Year 2: ₹40,000
- Year 3: ₹50,000
- Year 4: ₹60,000

The company's required discount rate is 10%, and the present value factors for 10% over 4 years are:

- Year 1: 0.909
- Year 2: 0.826
- Year 3: 0.751
- Year 4: 0.683

Required:

1. Calculate the Payback Period.
2. Calculate the Accounting Rate of Return (ARR).
3. Calculate the Net Present Value (NPV).
4. Advise whether the project should be accepted.
