



# THE AMERICAN COLLEGE, MADURAI

(An Autonomous Institution Affiliated to Madurai Kamaraj University)

Re-accredited (2<sup>nd</sup> Cycle) by NAAC with Grade "A", CGPA – 3.46 on a 4-point scale

## Backlog Arrear Examination, March 2021

COM/CME 3632/COM 3422/CME 3521/CMC 3422/CMC 1209/2221

### Management Accounting

Time: 3 Hours  
Maximum Marks: 75

**Answer any FIVE of the following questions:**

(5 x 15 =75)

- 1) Calculate: Gross Profit ratio and Net Profit ratio, Operating, Operating profit ratio and Operating expenses ratio from the below given particulars:

Particulars	₹	Particulars	₹
Sales	1,00,000	Purchases	60,000
Sales returns	10,000	Purchases returns	15,000
Opening stock	20,000	Closing stock	5,000
Administrative expenses	10,000	Selling expenses	1,000
Income from investments	5,000		

Tax rate 40%

- 2) From the following profit and loss account and balance sheet, prepare a comparative income statement and a comparative balance sheet.

Profit and Loss Account for the year ended 31<sup>st</sup> December 2014

Particulars	₹	₹	Particulars	₹	₹
To cost of goods sold	500	640	By sales	700	900
To Operating Expenses:					
- Administrative	20	20			
- Selling	30	40			
To Net Profit	150	200			
	700	900		700	900

Balance Sheet as on 31<sup>st</sup> December 2014

Liabilities	₹	₹	Assets	₹	₹
Bills payable	50	75	Cash	50	70
Tax payable	100	150	Debtors	300	450
Creditors	150	200	Stock	100	200
15% Debentures	100	150	Land	100	120
12% Preference shares	200	200	Buildings	250	225
Equity Capital	300	300	Plant	200	180
Reserves	200	250	Furniture	100	80
	1,100	1,325		1,100	1,325

- 3) Distinguish between fund flow statement and cash flow statement.

- 4) From the following Balance Sheets of X and Company for the year ended on 31<sup>st</sup> December, 2013 and 2014, prepare a statement showing sources and application of funds and schedule of changes in working capital.

Balance Sheet as on 31<sup>st</sup> December, 2013 and December, 2014

Liabilities	2013 ₹	2014 ₹	Assets	2013 ₹	2014 ₹
Share capital	4,00,000	5,75,000	Plant	75,000	1,00,000
Creditors	1,06,000	70,000	Stocks	1,21,000	1,36,000
Profit and Loss account	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

- 5) A firm engaged in large scale consumer retailing. From the following information, you are required to forecast their working capital requirement:

- Projected annual sales ₹ 65,00,000
- Percentage of net profit on cost of sales – 25%
- Average credit period allowed to debtors – 10 weeks
- Average credit period allowed by creditors – 4 weeks
- Average stock carrying (in terms of sales requirement) – 8 weeks
- Add 10% to compute figures to allow for contingencies.

- 6) Enumerate the consequences of over and under capitalization.

- 7) Each of the following projects requires a cash outlay of Rs. 10,000. You are required to suggest which project should be accepted if the standard pay-back period is 5 years.

Cash inflows			
Year	Project X	Project Y	Project Z
1	2,500	4,000	1,000
2	2,500	3,000	2,000
3	2,500	2,000	3,000
4	2,500	1,000	4,000
5	2,500	-	-