

**(FOR THE CANDIDATES ADMITTED
DURING THE ACADEMIC YEAR 2023 ONLY)**

23UBI617

REG.NO. :

**N.G.M.COLLEGE (AUTONOMOUS) : POLLACHI
END-OF-SEMESTER EXAMINATIONS: MAY – 2026
B.COM –BANKING AND INSURANCE MAXIMUM MARKS: 75
SEMESTER: VI TIME : 3 HOURS**

**PART – III
MANAGEMENT ACCOUNTING**

SECTION – A (10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS.

MULTIPLE CHOICE QUESTIONS.

(K1)

1. _____ is a key function of management accounting
 - a. Preparing balance sheets
 - b. Cost control
 - c. Statutory compliance
 - d. Publishing annual reports
2. Current ratio is calculated as _____
 - a. Current Assets ÷ Current Liabilities
 - b. Current Liabilities ÷ Current Assets
 - c. Total Assets ÷ Total Liabilities
 - d. Cash ÷ Current Assets
3. Increase in current assets results in _____
 - a. increase in working capital
 - b. decrease in working capital
 - c. no change in working capital
 - d. increase in fixed capital
4. The main objective of budgetary control is to _____
 - a. increase sales only
 - b. control costs and improve efficiency
 - c. prepare balance sheet
 - d. calculate taxes
5. Break-even point is the level where _____
 - a. profit is maximum
 - b. costs exceed revenue
 - c. total cost equals total revenue
 - d. fixed cost is zero

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES.

(K2)

6. What is meant by management accounting?
7. What is meant by ratio analysis?
8. What is meant by Cash Flow Analysis?
9. What is meant by production budget?
10. What is meant by determination of sales mix?

SECTION – B

(5 X 5 = 25 MARKS)

ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS. (K3)

11. a) What are the advantages of management accounting?

(OR)

- b) What are the relationship between management accounting and cost accounting?

12. a) Calculate quick assets ratio:

Current Assets = ₹.3,50,000 ; Inventory = ₹.1,20,000

Prepaid Expenses = ₹. 30,000 ; Current Liabilities = ₹.2,00,000

(OR)

- b) From the following information, calculate gross profit ratio:

Net Sales = ₹ 8,00,000 ; Cost of Goods Sold = ₹ 5,60,000

(CONTD ... 2)

13.a) Calculate Funds from Operations and state the change in Working Capital from the following information:

Particulars	Amount (₹)
Net Profit	80,000
Depreciation	20,000
Transfer to General Reserve	10,000
Profit on Sale of Asset	5,000
Issue of Equity Shares	40,000
Purchase of Fixed Assets	60,000

(OR)

b) Prepare a Cash Flow Statement (Indirect Method, AS-3) from the following information:

Particulars	Amount (₹)
Net Profit before Tax	50,000
Depreciation	5,000
Loss on Sale of Asset	2,000
Increase in Debtors	3,000
Decrease in Creditors	1,000
Income Tax Paid	4,000

14.a) From the following data, prepare a Flexible Budget for production levels of 60%, 80%, and 100%.

Particulars	At 100% (10,000 units)
Direct Materials	₹50,000
Direct Labour	₹30,000
Variable Overheads	₹20,000
Fixed Overheads	₹40,000

(OR)

b) A company estimates its sales for three months as follows:

Month	Sales (units)
January	8,000
February	10,000
March	12,000
April	14,000

Additional information:

- Opening stock on 1 January: 1,600 units
- Closing stock of finished goods is 20% of next month's sales

Prepare a Production Budget for January, February, and March.

15.a) From the following information;

- ✓ Selling price per unit: ₹40
- ✓ Variable cost per unit: ₹25
- ✓ Fixed cost per annum: ₹30,000
- ✓ Actual sales: 3,000 units

You are required to calculate:

1. Contribution per unit
2. Break-Even Point in units
3. Break-Even Point in sales value
4. Margin of Safety (units and value)

(OR)

b) A company manufactures a component at the following cost per unit:

Particulars	₹ per unit
Direct Material	30
Direct Labour	20
Variable Overheads	10
Fixed Overheads	15
Total Cost	75

The same component can be purchased from the market at ₹65 per unit.

Advise whether the component should be made or bought.

SECTION – C (5 X 8 = 40 MARKS)

ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING QUESTIONS.

(K4 (Or) K5)

16. a) Illustrate the scope of management accounting.

(OR)

b) Describe the tools of management accounting.

17.a) From the following information, calculate the net profit ratio of XYZ Ltd.:

Particulars	Amount (₹)
Sales	6,00,000
Sales Returns	20,000
Cost of Goods Sold	3,60,000
Office & Administrative Expenses	80,000
Selling Expenses	40,000
Interest on Loan	10,000
Provision for Tax	30,000

(OR)

b) From the following information of PQR Ltd., Calculate:

1. Inventory Turnover Ratio
2. Debtors Turnover Ratio
3. Creditors Turnover Ratio

Particulars	Amount (₹)
Opening Stock	70,000
Closing Stock	90,000
Net Sales (80% credit)	10,00,000
Gross Profit	2,50,000
Opening Debtors	80,000
Closing Debtors	1,20,000
Total Purchases	6,00,000
Cash Purchases	1,20,000
Purchase Returns	40,000
Opening Creditors	70,000
Closing Creditors	1,10,000

18. a) From the following information, prepare a Funds Flow Statement – New Format and show the sources and applications of funds:

Particulars	2024 (₹)	2025 (₹)
Capital	2,00,000	2,50,000
Reserves	50,000	80,000
Current Assets	1,20,000	1,60,000
Current Liabilities	60,000	80,000
Net Profit during the year	60,000	
Depreciation	10,000	
Purchase of Machinery	50,000	
Issue of Shares	30,000	

(OR)

- b) From the following information, prepare a Cash Flow Statement (Indirect Method, AS-3):

Particulars	Amount (₹)
Net Profit before Tax	1,50,000
Depreciation	25,000
Loss on Sale of Machinery	5,000
Profit on Sale of Investment	10,000

Increase in Debtors	20,000
Decrease in Creditors	15,000
Income Tax Paid	40,000
Purchase of Machinery	60,000
Issue of Shares	50,000

- 19.a) A company manufactures and sells three products – A, B, and C. The estimated sales for the first quarter of 2026 are as follows:

Estimated Sales Quantity

Month	Product A (units)	Product B (units)	Product C (units)
January	3,000	2,000	1,000
February	4,000	3,000	1,500
March	5,000	4,000	2,000

Selling Price per Unit

1. Product A: ₹25 2. Product B: ₹30 3. Product C: ₹40

Sales Commission

- Sales commission is payable at 4% on total sales value

Prepare a Sales Budget (Quantity and Value) for January, February, March, and for the Quarter.

(OR)

- b) Prepare a Cash Budget for the months of January, February, and March 2026 from the following information:

Month	Sales (₹)
December 2025	80,000
January 2026	1,00,000
February 2026	1,20,000
March 2026	1,40,000

- 20% of sales are cash sales
- 80% are credit sales
- Credit sales are collected as follows:
 - ✓ 50% in the month of sale
 - ✓ 50% in the following month

(CONTD 5)

- Purchases
 - ✓ Purchases each month = 60% of sales
 - ✓ All purchases are on credit and paid in the month following purchase
- Expenses
 - ✓ Wages: ₹10,000 per month (paid in the same month)
 - ✓ Rent: ₹5,000 per month
 - ✓ Machinery purchased in February: ₹20,000 (cash)
- Other Information
 - ✓ Opening cash balance on 1 January 2026: ₹15,000

20.a) From the following information, calculate:

Selling price per unit: ₹60 ; Variable cost per unit: ₹40; Fixed cost per annum: ₹1,20,000

Actual sales: 8,000 units

Find:

1. Contribution per unit
2. P/V Ratio
3. Break-Even Point in units
4. Break-Even Point in sales value
5. Margin of Safety (units and value)
6. Profit at actual sales

(OR)

b) A company produces two products A and B.

Particulars	Product A	Product B
Selling price per unit	₹50	₹40
Variable cost per unit	₹30	₹25
Maximum demand (units)	2,000	3,000
Machine hours required per unit	2 hrs	1 hr

Total machine hours available = 4,000 hours

Fixed cost = ₹30,000

Determine the most profitable sales mix and maximum profit.

ETHICAL PAPER