(FOR THE CANDIDATES ADMITTED DURING THE ACADEMIC YEAR 2023-24 ONLY)

SUBJECT CODE 23 UEC 622

REG.NO.

N.G.M.COLLEGE (AUTONOMOUS) : POLLACHI

END-OF-SEMESTER EXAMINATIONS : MAY– 2026

B.COM.-E.COMMERCE **MAXIMUM MARKS: 75**

VI SEMESTER **TIME : 3 HOURS**

PART – III

MANAGEMENT ACCOUNTING

SECTION – A (10 X 1 = 10 MARKS)

ANSWER THE FOLLOWING QUESTIONS. **(K1)**

1. Who coined the term 'Management Accounting'?
   (a) Robert Anthony (b) James H. Bliss (c) J. Batty (d) Michael Porter
2. Which of the following is a primary measure of a company's short-term liquidity?
   (a) Debt-Equity Ratio (b) Current Ratio (c) Proprietary Ratio (d) Operating Ratio
3. What is 'Gross Working Capital' defined as?
   (a)Total Assets(b) Total Liabilities(c) Total Current Assets (d) Total Current Liabilities
4. Marginal costing is also known as:
   (a) Absorption Costing (b) Variable Costing(c) Total Costing(d) Standard Costing
5. Budget is
   (a) Historical record of financial transactions (b) Statement of assets and liabilities
   (c) Quantitative plan of action for a future period (d) Report of past profitability

ANSWER THE FOLLOWING IN ONE (OR) TWO SENTENCES **(K2)**

6. Why is Management Accounting considered "Optional" rather than "Mandatory"?
7. Describe the meaning of an "ideal" Current Ratio of 2:1.
8. Explain the difference between Gross Working Capital and Net Working Capital.
9. Describe the relationship between the P/V Ratio and the Break-Even Point.
10. Explain the concept of Budgetary Control.

SECTION – B (5 X 5 = 25 MARKS)

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

11. a). Demonstrate the meaning and comprehensive scope of Management Accounting in a modern business environment.

(OR)

b). Illustrate the objectives of Management Accounting and its significance in the decision-making process.

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12. a). From the following information, Calculate Creditors turnover and average of accounts payable or average payment period.

Credit purchases	=	Rs 9,60,000.
Creditors	=	Rs 96,000
Bills Payable	=	Rs 64,000

(OR)

b). Calculate the earnings per share from the following data:

Net Profit after tax	-	= Rs 76,000
12% Preference share Capital (Rs 10 each)		= Rs 3,00,000.
Equity share Capital (Rs 10 each)		= Rs 2,00,000

13. a). Explain the constituents of working capital cycle.

(OR)

b). From the following particulars, determine funds from operation:

Net Loss	Rs 10,000
Depreciation on Machinery	Rs 15,000
Amortization of goodwill	Rs 10,000
Loss on sale of Plant	Rs 5,000
Profit on Sale of Land	Rs 8,000
Provision for likely bad debts	Rs 1,000

14. a). The following are obtained from the records of a factory :

Sale (4,000 units @ Rs 25 each)	Rs 1,00,000
Variable Cost	Rs 72,000
Fixed Cost	Rs 16,800

Calculate :

(i). P/V Ratio. (ii). Break-even Sales (iii). Margin of safety .

(OR)

b). Calculate B.E.P.in units and value for the following :

	Rs
Total cost	50,000
Total Variable Cost	30,000
Sales (5,000 Units)	50,000

15. a). Explain the briefly the limitations of budgetary Control.

(OR)

b). Discuss the advantages of Zero-base Budgeting.

SECTION – C (5 X 8 = 40 MARKS)

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

(K4 (Or) K5)

16. a). Analyze the organizational role of a Management Accountant and explain how their functions differ from those of a Financial Accountant in a manufacturing firm.

(OR)

b). Compare and contrast the scope of Management Accounting with Cost Accounting. How does the integration of both systems improve operational efficiency?

17. a).M/s Raj & Sons Presents you the following balance sheet as on 31-12-2025.

Liabilities	Rs	Assets	Rs
Share Capital:		Fixed Assets.	10,00,000
Equity Share of Rs 10 each	10,00,000	Stock.	4,00,000
Reserve Fund	1,00,000	Debtors	3,00,000
7% Debentures	3,00,000	Cash	2,00,000
Overdraft	2,00,000		
Creditors	3,00,000		
	19,00,000		19,00,000

Calculate : (i).Liquidity Ratios (ii). Solvency ratio (iii). Debit- Equity ratio.

(OR)

b). The following data represents the ratios pertaining to Empson Co Ltd., for the year ending 31st March, 1999.

Annual Sales	= Rs 40,00,000.
Sales to Net Worth	= 4 times.
Current Liabilities to Net Worth	= 50%
Total debts to Net Worth	= 80%
Current Ratio	= 2.2 times
Sales to inventory	= 8 times
Average collection period	= 40 days
Fixed assets to Net worth	= 70%.

From the above particulars, Prepare the balance sheet of Empson Co., Ltd as on 31st March, 1999.Assume that all sales are made on credit.

18. a).From the following information, Prepare a statement showing the average working capital requirements.

Budgeted sales = Rs 7,80,000.

	Rs
Analysis of cost of each unit	
Raw materials	4,50.
Labor	2.50
Overheads	2.00
Profit	1.00
Sale Price	10.00

It is estimated that.

(i). Pending use, raw material are carried in stock for three weeks and finished products for two weeks.

(ii). Factory Processing will take 3 weeks.

(iii). Suppliers will give 4 weeks credit and Customers require 5 weeks credit.

(iv). Cash on hand is estimated to be Rs 25,000.

(OR)

b).From the following balance sheets of X Company Ltd., Prepare funds flow statement:

Balance Sheets as on 31st March 1993.

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Liabilities	1992 Rs	1993 Rs	Assets	1992 Rs	1993 Rs
Share Capital	3,00,000	3,50,000	Goodwill	1,00,000	80,000
Debentures	1,50,000	2,50,000	Machinery	4,10,000	5,40,000
General reserve.	1,00,000	1,50,000	Investments.	30,000	80,000
Profit & Loss A/c	60,000	70,000	Discount on Debentures	5,000	------
Provision for depreciation on machinery.	90,000	1,30,000	Cash.	1,20,000	1,30,000
			Sundry debtors	80,000	1,90,000
Sundry creditors	75,000	1,10,000	Stock	40,000	55,000
Bills Payable	10,000	15,000			
	7,85,000	**10,75,000**		**7,85,000**	**10,75,000**

During the year, investment costing Rs 30,000 were sold for Rs 28,000.A new machine was purchased for Rs 45,000 and payment was made in fully paid up shares.

19. a). You are given the following data for the year 2026 of the company.

	Rs
Variable Cost	6,00,000.
Fixed cost	3,00,000.
Profit	1,00,000.
Sales	10,00,000.

Find: (i). Profit/ Volume Ratio. (ii). Break even point (iii). Profit when sales amounted to Rs 12,00,000. (iv). Sales required to earn a profit Rs 2,00,000.

(OR)

b). Analyze the significance and limitations of marginal costing.

20. a). ABC Company Ltd., has given the following particulars. You are required to prepare a cash budget for the three months ending 31-12-1999.

Months	Sales (Rs)	Material (Rs)	Wages (Rs)	Overhead (Rs)
August	20,000	10,200	3,800	1,900
September.	21,000	10,000	3,800	2,100
October	23,000	9,800	4,000	2,300
November	25,000	10,000	4,200	2,400
December	30,000	10,800	4,500	2,500

(i). Credit terms are:

Sales /Debtors - 10% sales are on cash basis, 50% of the credit sales are collected next month and the balance in the following month.

Creditors - Materials 2 months.
- Wages 1/5 months.
- Overheads ½ Months

(ii).Cash balance on 1-10-1999 is expected to be Rs 8,000.

(iii).A machinery will be installed in August 1999 at a cost of Rs 1,00,000.The monthly installment of Rs 5,000 is payable from October onwards.

(iv). Dividend at 10% on Preference share capital of Rs 3,00,000 will be paid on 1st Dec'1999.

(v). Advance to be received for sale of vehicle Rs 20,000 in December.

(vi). Income tax (Advance) to be paid in December Rs 5,000.

(OR)

b). Analyze the key differences between fixed budgeting and flexible budgeting, specifically in their utility as a performance measurement tool when the actual level of activity significantly varies from the budgeted level.

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