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(FOR THE CANDIDATES ADMITTED

SUBJECT CODE **21UEC620**

DURING THE ACADEMIC YEAR 2021- 2024 ONLY)

REG.NO.

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

**END-OF-SEMESTER EXAMINATIONS : MAY – 2024**

**B.Com. – E.Commerce**

**MAXIMUM MARKS: 70**

**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. Which personnel of a financial firm play a key role in management accounting?
  - a) Investors
  - b) Managers
  - c) Suppliers
  - d) Customers
2. Liquid Ratio is equal to liquid assets divided by.....
  - (a) Current liabilities
  - (b) Contingent liabilities
  - (c) Total liabilities
  - (d) Noncurrent liabilities
3. Cash flow statement is based upon.....
  - (a) Accrual basis
  - (b) Ledger accounts
  - (c) Accounting equation
  - (d) Cash basis
4. Contribution margin in marginal costing is also known as.....
  - (a) Net income
  - (bi) Marginal income
  - (c) Gross profit
  - (d) Gross loss
5. What are the decisions that are made for a long term period called?
  - (a) Working capital decision
  - (b) Profit volume analysis
  - (c) Future decisions
  - (d) Capital budgeting decisions

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

**(K2)**

6. What is the purpose of Management accounting?
7. State any two advantages of Ratio analysis.
8. Who uses the Fund flow statement widely?
9. How is the break-even point affected by the fixed cost?
10. Give full form for ARR.

**(CONTD .... 2)**

**SECTION – B****(5 X 4 = 20 MARKS)****ANSWER EITHER (a) OR (b) IN EACH OF THE FOLLOWING****QUESTIONS.****(K3)**

11. a) 'Management accounting is accounting for effective Management' Explain the statement .

**(OR)**

- b) Explain the functions of Management accounting.

12. a) From the following find out current ratio:

Total liabilities Rs.5,00,000

Long term liabilities Rs.2,80,000

Total current assets Rs.3,40,000(including cash at bank Rs.50,000).

**(OR)**

- b) From the following particulars calculate the Stock Turnover ratio:

(a) Opening stock Rs.40,000

(b) Closing stock Rs.44,000

(c) Sales Rs.4,15,000

(d) Gross profit ratio 20%

13. a) Calculate funds from operation from the following profit and loss account.

	<b>Rs</b>		<b>Rs</b>
Expenses paid and outstanding	3,00,000	Gross profit	4,50,000
Depreciation	70,000	Gain on sale of land	60,000
Loss on sale of machine	4,000		
Discount	200		
Goodwill	20,000		
Profit	1,15,800		
	5,10,000		5,10,000

**(OR)**

- b) From the following balance sheet of Mr.Arun and Co prepare a statement showing changes in working capital during 2022.

Balance Sheets of Mr.Arun and Co Ltd. As on 31<sup>st</sup> December 2022

**(CONTD .... 3)**

Liabilities	2021	2022	Assets	2021	2022
Share capital	6,00,000	6,00,000	Fixed assets	10,00,000	11,20,000
Reserves	50,000	1,80,000	Less depreciation	<u>3,70,000</u>	<u>4,60,000</u>
Profit & loss account	40,000	65,000		6,30,000	6,60,000
Debenture	3,00,000	2,50,000	Stock	2,40,000	3,70,000
Creditors for goods	1,70,000	1,60,000	Book debts	2,50,000	2,30,000
Provision for Income tax	60,000	80,000	Cash in hand and at bank	80,000	60,000
			Preliminary expenses	20,000	15,000
	<b>12,20,000</b>	<b>13,35,000</b>		<b>12,20,000</b>	<b>13,35,000</b>

14. a) The following are the budgeted data of Jaihind company:

	Rs.	Rs.
Sales 15,000 units @ Rs.5		75,000
Less Fixed costs	28,000	
Variable costs	15,000	
Operating profit		43,000
Add other incomes	9,000	
Less other expenses	3,000	6,000
Net profit		38,000

How would you compute Break Even Point?

(OR)

b) Calculate P/V ratio from the following given below:

Marginal cost Rs.2,400

Selling price Rs.3,000

(CONTD .... 4)

15. a) For the production of 10,000 electrical automatic irons the following are the budgeted expenses.

Direct material Rs.60 per unit

Direct labour Rs.30 per unit

Variable overheads Rs.25 per unit

Fixed overheads Rs.1,50,000

Selling overhead (10% Fixed) Rs.20 per unit prepare a budget for 8,000 units.

(OR)

- b) From the following particulars, prepare a production budget for the year ending 31/03/2022.

Product	Estimated stock on 1.01.2022(units)	Estimated sales during Jan to March 2022(units)	Desired closing stock on 31.03.2022(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

**SECTION – C (4 X 10 = 40 MARKS)**

**ANSWER ANY FOUR OUT OF SIX QUESTIONS**

**(16<sup>th</sup> QUESTION IS COMPULSORY AND ANSWER ANY THREE**

**QUESTIONS (FROM Qn. No : 17 to 21)**

**(K4 (Or) K5)**

16. X Ltd. made sales during a certain period for Rs.1,00,000. The net profit for the same period was Rs.10,000 and the fixed overheads were Rs.15,000.

Find out:

(i) P/V Ratio.

(ii) Required sales to earn a profit of Rs.15,000.

(iii) Net Profit from sales of Rs.1,50,000.

(iv) Break-even point sales.

**(CONTD .... 5)**

17. Distinguish between Management Accounting and Financial accounting.
18. From the following information, prepare a summarized Balance Sheet as on 31.01.2023.
- Working capital Rs.1,20,000
- Reserves and surplus Rs.80,000
- Bank overdraft Rs.20,000
- Fixed assets to proprietary ratio 0.75:1
- Current ratio 2.5:1
- Liquid ratio 1.5:1
19. The following are the summarized balance sheets of Shivaji Industries Ltd. As on 31<sup>st</sup> December 2021,2022 and 2023.
- Prepare Funds flow statement for 2022 and 2023.

	2021	2022	2023		2021	2022	2023
Share capital	4,000	5,000	6,000	Machinery	7,000	8,000	9,000
Profit & Loss a/c	600	2,500	3,400	(-)provisions	700	800	900
8% debentures	5,000	8,000	6,000		6,300	7,200	8,100
				Land	4,700	5,800	15,900
Bank loan	10,000	15,000	17,000	Stock	2,000	13,000	11,000
Creditors	1,000	3,000	2,000	Debtors	3,000	5,000	6,000
Bills payable	5,000	8,000	10,000	Cash	1,000	4,000	1,000
				Bank	9,000	7,000	3,000
Proposed dividend	400	500	600				
	<b>26,000</b>	<b>42,000</b>	<b>45,000</b>		<b>26,000</b>	<b>42,000</b>	<b>45,000</b>

(CONTD ....6)

20. Assuming that the cost structure and selling prices remain the same in periods I and II, find out :
- P/V Ratio
  - Break even sales
  - Profit when sales are Rs.1,00,000
  - Sales required to earn a profit of Rs.20,000
  - Margin of safety in II<sup>nd</sup> period

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

21. Draw a flexible budget for overhead expenses on the basis of the following data:

	At 70%capacity	At 80%capacity	At 90%capacity
<b>Variable overheads:</b>			
Indirect labour	-	12,000	-
Stores including spares	-	4,000	-
Semi variable overheads:	-		-
Power(30% fixed)		20,000	
Repairs maintenance (40% variable)	-	2,000	-
<b>Fixed overheads:</b>	-		-
Depreciation		11,000	
Insurance	-	3,000	-
Salaries	-	10,000	-
<b>Total overheads</b>	-	62,000	-