Reg. No. : ....

Code No. : 21044 E **Sub. Code : EMCO 62**

B.Com. (CBCS) DEGREE EXAMINATION,
APRIL 2026.

Sixth Semester

Commerce – Core

MANAGEMENT ACCOUNTING

(For those who joined in July 2023 only)

Time : Three hours Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer.

1. Management Accounting helps Management in ____________.

   (a) Preparation of financial accounts

   (b) Raising finance

   (c) Filing tax returns

   (d) Decision making

2. Trend analysis is significant for ————.

(a) Profit planning

(b) Working capital management

(c) Capital rationing

(d) Forecasting and Budgeting

3. Earnings per share (EPS) is a ————.

(a) Profitability Ratio (b) Turnover Ratio

(c) Liquidity Ratio (d) G/P Ratio

4. The ideal current Ratio is ————.

(a) 5 (b) 4

(c) 3 (d) 2

5. Funds inflow from operation is ————.

(a) An international source of funds

(b) An external source of funds

(c) An application of funds

(d) Neither source nor application

6. 'Cash flows' include ————.

(a) Cash receipts only

(b) Cash payments only

(c) Cash receipts and payments

(d) Cash and Non-cash incomes and expenses

7. A production Budget refers to ————.

(a) Cash Budget (b) Overheads budget

(c) Sales budget (d) Purchase budget

8. A master budget is ————.

(a) Budget for Assets and Liabilities

(b) Budget of profit or loss

(c) Budget for managerial remuneration

(d) Budget for operations of the entire organization

9. Marginal cost is ————.

(a) Prime cost (b) Variable cost

(c) Works cost (d) Cost of production

10. A key factor is ————.

(a) Budget factor (b) Limiting factor

(c) Cost factor (d) None of these

PART B — (5 × 5 = 25 marks)

Answer ALL questions choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) List out the Limitations of Management Accounting.

Or

(b) Indicate common size of the following items in a common size Income statement.

	2016 Rs.	2017 Rs.
Sales	10,00,000	16,00,000
Cost of sales	8,00,000	12,00,000
Gross profit	2,00,000	4,00,000

12. (a) From the following details you are required to ascertain net profit and calculate net profit ratio.

	Rs.
Sales	5,40,000
Sales returns	40,000
Gross profit	3,00,000
Income from investments	40,000
Loss on sale of plant	30,000
Operating expenses	1,20,000
Provision for tax	50,000

Or

(b) From the following information, find out

(i) Current assets

(ii) Current Liabilities

(iii) Value of Inventory

(1) Current Ratio = 3.5

(2) Liquid Ratio = 2.5

(3) Working capital = Rs.1, 00,000

13. (a) Calculate 'Funds from operations' from the information given below as on 31st March, 2023

(i) Net profit for the year ended 31st March 2023, Rs.6,50,000.

(ii) Gain on the sale of building Rs.35,500.

(iii) Goodwill appears in the books at Rs.1,80,000 out of that 10 percent has been written off during the year.

(iv) Old machinery worth Rs.8,000 has been sold for Rs.6,500 during the year.

(v) Rs.1,25,000 have been transferred to the General Reserve Fund

(vi) Depreciation has been provided during the year on machinery and furniture at 20% whose total cost is Rs.6,50,000.

Or

(b) List out the Limitations of cash flow statement.

14. (a) What is Budgetary control? What are its objectives?

Or

(b) What is a 'Sales Budget'? How is it prepared?

15. (a) From the following information find out the amount of profit earned during the year using the marginal costing technique:

Fixed cost	Rs.2,50,000
Variable cost	Rs.10 per unit
Selling price	Rs.15 per unit
Output level	75,000 units

Or

(b) The fixed expenses of an industrial concern amount to Rs.1,80,000. Its variable cost per unit is Rs.29 and selling price is Rs. 44 per unit. Calculate the break-even point.

PART C — (5 × 8 = 40 marks)

Answer ALL questions choosing either (a) or (b).

Each answer should not exceed 600 words.

16. (a) Explain the Types of Financial Analysis.

Or

(b) The Balance Sheet of S&Co. and K&Co. are given as follows:

Balance Sheets as on 31-03-2020

Particulars	S&Co. Rs.	K&Co Rs.
(i) Equity and liabilities Shareholder's funds		
Share capital:		
Preference share capital	1,20,000	1,60,000
Equity share capital	1,50,000	4,00,000
Reserve and surplus	14,000	18,000
Non-current liabilities		
Long-term loans	1,15,000	1,30,000
Current Liabilities Trade payables:		
Bills payable	2,000	-
Sundry creditors	12,000	4,000
Outstanding expenses	15,000	6,000
Proposed dividend	10,000	90,000
	4,38,000	8,08,000
(ii) Assets Non-current assets Tangible assets:		
Land and building	80,000	1,23,000
Plant and machinery	3,34,000	6,00,000
Current assets		
Temporary investment	1,000	40,000
Inventories	10,000	25,000

Trade Receivables (Book Debts)	4,000	8,000
Prepaid expenses	1,000	2,000
Cash and cash equivalents:		
Cash and Bank Balances	8,000	10,000
	4,38,000	8,08,000

Compare the financial position of two companies with the help of common size balance sheet.

17. (a) Discuss the Limitations of Ratio Analysis.

Or

(b) From the following given ratios and figures prepare a summarized balance sheet of XYZ Co.Ltd., for the year ended 31-12-2023.

(i) Working capital - Rs.60,000

(ii) Reserves and surplus – Rs.40,000

(iii) Bank overdraft – Rs.10,000

(iv) Asset (fixed) proprietorship ratio –0.75

(v) Current ratio -2.50

(vi) Liquid ratio – 1.50.

18. (a) The following are the Balance Sheets of Punitha Corporation Ltd. as on 31st December 2020 and 2021.

Balance Sheet of Punitha Corporation Ltd..

Liabilities	2020	2021	Assets	2020	2021
	Rs.	Rs.		Rs.	Rs.
Share capital (Paid-up): 11% cumulative preference shares	–	30,000	Land and Buildings	60,000	50,000
Equity shares	1,10,000	1,20,000	Plant and Machinery	30,000	50,000
General Reserves	4,000	4,000	Sundry Debtors	40,000	48,000
Profit and Loss A/c	2,000	2,400	Stock	60,000	70,000
9% Debentures	12,000	14,000	Bank	2,400	7,000
Provision or Taxation	6,000	8,400	Cash	600	1,000
Proposed Dividend	10,000	11,600			
Current Liabilities	49,000	35,600			
	1,93,000	2,26,000		1,93,000	2,26,000

You are required to prepare a schedule of changes in working capital and a statement of flow of funds.

Or

(b) From the summary cash amount of Sunny Ltd. prepare Cash Flow statement for the year ended 31st March, 2021 in accordance with AS-3 (Received) using the direct method. The company does not have any cash equivalents.

Summary Cash Account

(For the year ended 31-3-2021)

	Rs. '000		Rs. '000
Balance on 1.4.2020	100	Payment of suppliers	4,000
Issue of equity shares	600	Purchase of fixed assets	400
Receipts from customers	5,600	Overhead expenses	400
Sale of fixed assets	200	Wages and salaries	200
		Taxation	500
		Dividend	100
		Repayment of bank loan	600
		Balance on 31-3-2021	300
	6,500		6,500

19. (a) A newly started Pushpak Co.. wishes to prepare cash budget from January. Prepare a cash budget for the 6 months from the following estimated revenue and expenses.

Months	Total sales	Materials	Wages	Production overheads	Selling and Distribution overheads
	Rs.	Rs.	Rs.	Rs.	Rs.
January	20,000	20,000	4,000	3,200	800
February	22,000	14,000	4,400	3,300	900
March	24,000	14,000	4,600	3,300	800
April	26,000	12,000	4,600	3,400	900
May	28,000	12,000	4,800	3,500	900
June	30,000	16,000	4,800	3,600	1,000

Cash balance on 1st January was Rs.10,000. A new machine is to be installed at Rs.30,000 on credit, to be repaid by two equal instalments in March and April.

Sales commission at 5% on total sales is to be paid within the month following actual sales.

Rs.10,000 being the amount of 2nd call may be received in March. Share premium amounting to Rs.2,000 is also obtained with 2nd call.

Period of credit allowed by supplier-2 months

Period of credit allowed by customers-1 months

Delay in payment of overheads-1 month

Delay in payment of wages –1/2 month

Assume cash sales to be 50% of the total sales.

Or

(b) The following budget estimates are available from a factory working at 50% of its capacity.

	Rs.
Variable expenses	60,000
Semi variable expenses	20,000
Fixed expenses	10,000

Prepare a budget for 75% of the capacity assuming that semi-variable expenses increase by 10% for every 25%.

20. (a) Discuss the Features of Marginal Costing.

Or

(b) From the following particulars, find out the break even-point.

	Rs.
Variable cost per unit	15
Fixed expenses	54,000
Selling price per unit	20

What should be the selling price per unit, if the break-even point should be brought down to 6,000 units?