LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – **COMMERCE**

SIXTH SEMESTER – **NOVEMBER 2023**

UCO 6501 – MANAGEMENT ACCOUNTING

Date: 30-10-2023 Dept. No. Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

SECTION A

ANSWER **ALL** THE QUESTIONS 10X2=20

1) What do you understand by Gross Profit ratio ?
2) Define Budgetary Control
3) Define the term Capital Employed.
4) What do you mean by Flexible Budget?
5) What does P/V Ratio indicate?
6) Define the term Margin of Safety.
7) What do you mean by “Fund Flow Statement?
8) Write a short note on Debtors Turnover Ratio.
9) What is BEP?
10) What do you mean by Master Budget?

SECTION B

ANSWER ANY **FOUR** QUESTIONS 4X10=40

11) What are the differences between Cost Accounting and Management Accounting?
12) What are the merits and limitations of Budgetary Control?
13) A manufacturer has planned his level of production at 50% of his plant capacity of 30,000 units. At 50% of the capacity, his expenses are as follows:

Direct labour	₹ 11,160
Direct materials	₹ 8,280
Variable and other manufacturing expenses	₹ 3,960
Total fixed expenses regardless of production	₹ 6,000

The home selling price is ₹ 2 per unit. Now the manufacturer receives a trade enquiry from overseas for 6000 units at a price of ₹1.45 per unit. If you were the manufacturer, would you accept or reject the offer? Support your statement with suitable cost and profit details.

14) From the following data, compute

i) Current Ratio ii) Acid Test Ratio

iii) Inventory Turnover ratio iv) Average Collection Period

Assets-Stock ₹10000; Debtors ₹ 30000; Prepaid expenses ₹ 2000; Cash in hand ₹ 20000

Liabilities- Sundry Creditors ₹ 25000; Bank Overdraft ₹ 5000; and Bills Payable ₹ 10000

During the year sales amounted to ₹ 350000

15) A radio manufacturing company finds that while it cost ₹ 6.25 each to make component X, the same is available in the market at ₹5.75 each , with an assurance of continued supply. The breakdown of cost is

Material	₹ 2.75 each
Labour	₹ 1.75 each
Other variable cost	₹ 0.50 each
Depreciation and other fixed costs	₹ 1.25 each
Total	₹ 6.25

a) Should you make or buy?
b) What would be your decision if the supplier offered the component at ₹ 4.85 each?

16) What is ratio analysis? Explain the advantages and limitation of ratio analysis.

17) Explain the concept of Marginal Costing. What are the advantages and limitations of Marginal Costing?

SECTION C

ANSWER ANY **TWO** QUESTIONS 2X20=40

18) From the following information, you are required to prepare Balance Sheet of Srinivasan & Co Ltd

a.	Current ratio	1.75
b.	Liquid ratio	1.25
c.	Stock turnover ratio cost of sales /closing stock	9
d.	Gross profit ratio	25%
e.	Debt collection ratio	1.5 months
f.	Reserves and surplus to capital	0.2
g.	Fixed assets turnover ratio on cost of sales	1.2
h.	Capital gearing ratio(long term debt to share capital)	0.6
i.	Fixed assets to net worth	1.25
j.	Sales for the year	₹1,20,000

19) A firms expects to have ₹ 3000 on 1st May 1989 and requires you to prepare an estimate of the cash position during the 3 months May to July 1989. The following information is supplied to you.

Month	Sales ₹	Purchases ₹	Wages ₹	Factory expenses ₹	Office expenses ₹	Selling expenses ₹
March	40,000	24,000	6,000	3,000	4,000	3,000
April	46,000	28,000	6,500	3,500	4,000	3,500
May	50,000	32,000	6,500	4,000	4,000	3,500
June	72,000	36,000	7,000	4,400	4,000	4,000
July	84,000	40,000	7,250	4,250	4,000	4,000

Other information:

a) 25% of the sales is for cash, remaining sales is collected in the month following that of sales

b) Suppliers supply goods at two months' credit

c) Delay in payment of wages and all expenses: one month

d) Income tax of ₹ 10,000 is due to be paid in July

e) Preference share dividend of 10% on ₹1,00,000 is to be paid in May

20) The sales and profit during two years were as follows:

Year	***Sales***	***Profits***
1988	₹ 1,50,000	₹ 20,000
1989	₹ 1,70,000	₹ 25,000

You are required to calculate

a. The PV ratio
b. The Break Even Point
c. The sales required to earn a profit of ₹ 40,000
d. The profit made when sales are ₹ 2,50,000
e. The margin of safety at profit of ₹ 50,000 and Variable cost of two years

21) Construct a flexible budget from the following information and show the forecast of profit or loss at 60%,70% and 100% capacity working

	Capacity Worked 50%
Fixed Expenses	₹
Salaries	50000
Rent and taxes	40000
Depreciation	60000
Administrative expenses	70000
Total	220000
Variable expenses	
Material	200000
Labour	250000
Others	40000
Total	490000
Semi variable expenses	
Repairs (30 % Fixed)	100000
Indirect Labour (40% Fixed)	150000
Others (50% Fixed)	90000
Total	340000

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