



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – COMMERCE

SIXTH SEMESTER – APRIL 2024

UCO 6501 – MANAGEMENT ACCOUNTING

Date: 01-04-2024

Dept. No.

Max. : 100 Marks

Time: 09:00 AM - 12:00 NOON

SECTION – A

Answer ALL the questions:

(10 X 2 = 20 Marks)

1. Define a “flow of funds”.
2. List out the two advantages of Management Accounting.
3. What is Zero base budget?
4. Define Variance.
5. Calculate dividend payout ratio:
Dividend per share ₹ 1.6 and Market price per share ₹ 25.
6. Calculate net cash used in investing activities from the following information:
Sale of machinery ₹5 ,000, Purchase of land ₹10,000 and
Purchase of building ₹ 25,000.
7. From the following data calculate BEP:
Fixed Costs ₹ 8000, Variable Costs per unit ₹ 10,
Selling Price per unit ₹6
8. Calculate Material Price variance from the following:
Standard: 2,740 units at ₹ 15 each.
Actual : 3,000 units at ₹ 17 each.
9. Calculate Labour cost variance from the following:
Standard cost ₹ 1,600 and actual cost ₹2,640
10. Mr. Gopi Purchased and used 800 tons of a chemical at ₹.40 per ton where as the standard price fixed was ₹. 48 per ton. Calculate material price variance.

SECTION– B

Answer any FOUR questions:

(4 X 10 = 40 Marks)

11. Distinguish between Management accounting and Cost accounting.
12. Calculate cash from operations:

Particulars	31.12.2021 (₹)	31.12.2022(₹)
Debtors	50,000	47,000
Bills Receivable	10,000	12,500
Creditors	20,000	25000
Bills Payable	8,000	6,000
Outstanding expenses	1,000	1,200
Prepaid Expenses	800	700
Accrued Income	600	750
Income received in Advance	300	250
Profit made during the year	—	1,30,000

13. From the following details, ascertain Net Profit before tax and extortionary items for the year 2023

	2022	2023
General Reserves	2,00,000	3,50,000
Profit and loss Account	1,50,000	2,40,000
Proposed dividend	2,10,000	2,50,000
Provision for taxation	2,00,000	2,50,000

An interim dividend of ₹ 1,00,000 was paid during 2023. Income tax paid in 2023 was 1,75,000. A compensation of ₹ 1,30,000 was received from government on account of riots.

14. a) Calculate breakeven point from the following:

Sales 1,000 units at ₹.10 each ₹10,000 Variable cost - ₹. 6 per unit & Fixed cost - ₹. 8,000

b) If the selling price is reduced to ₹.9 what is the new break-even point?

15. The following figures related to product 'Milky shop' for the quarter ending 31-3-2023 are available:

Budget Sales	January	1,50,000 units
	February	1,20,000 units
	March	1,80,000 units
Stock Position	1-1-2023	50% of January's budgeted sales
	31-1-2023	40% of February's budgeted sales
	28-2-2023	60% of March's budgeted sales
	31-3-2023	40,000 units

You are required to prepare a production budget for the quarter ending 31-3-23.

16. The following information is given about a PVC Ltd company:

- Profit after tax @ 60% - ₹ 6,00,000
- Market price of equity share is ₹ 50.
- Depreciation amounted to ₹ 80,000
- Equity dividend paid at 20% for equity capital of ₹ 10 per share amounted to ₹ 8,00,000
- Preference dividend paid at 9% for preference capital amounted to ₹ 4,00,000.
- Current assets ₹ 3,00,000 and current liabilities ₹ 1,50,000

Calculate: i) Dividend Yield on equity shares ii) Earnings per share

iii) Price earnings ratio iv) current ratio

17. Assuming that the cost structure and selling prices remain the same in periods I and II, find out a) P/V ratio b) Break Even Point for sales c) Profit when sales are ₹ 1,00,000, and d) Sales required to earn a profit of ₹ 20,000

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

18. Briefly explain 'budgetary control as a management tool.'

SECTION - C

Answer any TWO questions:

(2 X 20 = 40 Marks)

19. a) Difference between cash flow and find flow statement

b) what is meant by Marginal costing and how it is differ from absorption costing.

20. The following figures related to India Metal Ltd. for the year ended 31-12-2022.

Dr. Trading and Profit and Loss Account				Cr.
Particulars	₹	Particulars		₹
To Opening Stock	1,12,500	By Sales	7,80,000	
To purchases	4,87,500	Less: Sales Returns	30,000	7,50,000
To Gross Profit	3,00,000	By Closing Stock		1,50,000
	9,00,000			9,00,000
To Operating expenses:		By Gross Profit		3,00,000
Administration	60,000	By non-operating income		
Selling & Distribution	37,500	Dividend	13,500	
To Non-operating expenses:		Profit on sale of shares	16,500	30,000
Loss on sale of assets	7,500			
To Net Profit	2,25,000			
	3,30,000			3,30,000

Balance Sheet			
Liabilities	₹	Assets	₹
Issued Capital: 3,000 equity shares of ₹100 each	3,00,000	Land and Building	2,25,000
		Plant and Machinery	1,20,000
Reserves	1,35,000	Stock	2,40,000
Current Liabilities	2,25,000	Debtors	1,20,000
P & L Account	90,000	Cash at Bank	45,000
	7,50,000		7,50,000

- Calculate: (a) Gross Profit Ratio (b) Operating Ratio
(c) Operating Profit Ratio (d) Net Profit Ratio
(e) Stock Turnover Ratio (f) Return on total resources
(g) Turnover of Fixed assets (h) Turnover to total assets.

21. Prepare a cash budget for the months of May, June and July 2023 on the basis of following information:

Income and Expenditure forecasts						
Month (2023)	Credit Sales (₹)	Credit Purchases (₹)	Wages (₹)	Manufacturing Expenses (₹)	Office Expenses (₹)	Selling Expenses (₹)
Feb	30,000	18,000	4,500	2,000	1,000	2,000
March	31,000	19,000	4,000	1,500	750	3,000
April	32,000	16,500	5,000	2,250	1,250	4,000
May	29,000	17,500	4,250	1,750	1,000	1,600
June	28,000	19,500	4,750	2,000	500	2,400
July	30,000	17,000	4,000	1,500	750	3,200

- a) Cash balance on 1st May 2023 - ₹ 4,000
b) Plant costing ₹ 8,000 is due for delivery in July: Payable 10% on delivery and the balance after 3 months.
c) Advance tax of ₹ 4,000 each is payable in February and June.
d) Period of credit allowed by supplier is two months and to customers is one month.
e) Lag in payment of manufacturing expenses – 1/2 month
f) Lag in payment of selling expenses – 1/8 month.

22. XYZ Limited produces an article and uses a mixture of material X and Y. the standard quantity and price of materials for one unit of output is as under

Material	Quantity	Price (₹)
X	2,000 kg	1.00 per Kg

Y	800 kg	1.50 Kg
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During a period, 1,500 units were produced. The actual consumption of materials and prices are given below:

Material	Quantity	Price (₹)
X	31,00,000 kg	1.10 per Kg
Y	12,50,000 kg	1.60 Kg

Calculate:

- Standard Cost of Actual Output
- Material Cost Variance
- Material Price Variance
- Material Usage Variance

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