



LOYOLA COLLEGE (AUTONOMOUS) CHENNAI – 600 034

B.B.A. DEGREE EXAMINATION – BUSINESS ADMINISTRATION

SIXTH SEMESTER – APRIL 2025

UBU 6502 – MANAGEMENT ACCOUNTING



Date: 26-04-2025

Dept. No.

Max. : 100 Marks

Time: 09:00 AM - 12:00 PM

SECTION A - K1 (CO1)

	Answer ALL the Questions	(10 x 1 = 10)
1.	Definitions	
a)	Common size statements	
b)	Inventory Turnover Ratio	
c)	Funds flow statement	
d)	Absorption costing	
e)	Variance analysis	
2.	Fill in the blanks	
a)	_____ statements show financial data for multiple periods.	
b)	_____ ratios measure the earning capacity of a firm.	
c)	The main purpose of a _____ is to analyze cash inflows and outflows.	
d)	_____ is the level of sales at which total revenue equals total cost.	
e)	_____ is a method that uses predetermined costs to measure performance.	

SECTION A - K2 (CO1)

	Answer ALL the Questions	(10 x 1 = 10)
3.	Match the following	
a)	Cost-Volume-Profit (CVP) Analysis : Cost of unproductive labour hours	
b)	Current ratio : Break even analysis	
c)	Zero based budget : Assesses short-term liquidity	
d)	Buy or make decision : Justifies all expenses from zero	
e)	Idle time variance : Application of Marginal Costing	
4.	True or False	
a)	Financial Accounting focuses on historical data, while Management Accounting is future-oriented.	
b)	The Debt-Equity ratio helps in assessing a company's liquidity.	
c)	Fixed Budgets change according to the level of activity.	
d)	Marginal Costing considers both fixed and variable costs in decision-making.	
e)	Direct Material Variance measures labour cost differences.	

SECTION B - K3 (CO2)

	Answer any TWO of the following in 100 words each.	(2 x 10 = 20)
5.	Describe the essentials of successful budgetary control.	
6.	The following are the income statements of Adhi Ltd., for the year ending 31st December 2020 and 2021. You are required to prepare a comparative income statement for the two years.	

	31.12.2020	31.12.2021
	Rs.	Rs.
Net sales	10,00,000	12,00,000
Cost of goods sold	5,50,000	6,05,000
Operating expenses:		
Administration	80,000	1,00,000
Selling	60,000	80,000
Non-operating expenses:		
Interest	40,000	50,000
Income-tax	50,000	80,000

7. You are given the following information:

	Rs.
Cash	18,000
Debtors	1,42,000
Closing stock	1,80,000
Bills payable	27,000
Creditors	50,000
Outstanding expenses	15,000
Tax payable	75,000

Calculate (a) current ratio (b) liquidity ratio (c) Absolute liquidity ratio.

8. From the following data calculate:

(a) P/V ratio (b) Variable cost (c) Profit

	Rs.
Sales	80,000
Fixed expenses	15,000
Break-even point	50,000

SECTION C – K4 (CO3)

Answer any TWO of the following in 100 words each.

(2 x 10 = 20)

9. Explain the advantages and limitations of Ratio analysis.

10. Mr. Vishnu, a sole trader, provides the following balance sheets and additional information to you with the request to prepare his Funds flow statement for the year ending 31.12.2022.

Balance Sheet

Liabilities	31.12.2021 Rs.	31.12.2022 Rs.	Assets	31.12.2021 Rs.	31.12.2022 Rs.
Bills payable	4,52,000	6,28,000	Cash	1,06,000	62,000
Creditors	8,26,000	12,54,000	Investment	1,74,000	-
Loan from bank	2,00,000	4,70,000	Debtors	6,92,000	10,56,000
Reserves & Surplus	13,84,000	17,28,000	Stock	8,64,000	13,66,000
Capital	12,00,000	12,00,000	Net fixed assets	22,26,000	27,96,000
	40,62,000	52,80,000		40,62,000	52,80,000

Depreciation of Rs. 3,78,000 was written off for the year 2022 on fixed assets.

11. Margin of safety ratio is 20%

P/V ratio is 60%

Fixed cost = Rs. 60,000

Find out:

(a) BEP sales

	(b) Actual sales for the year (c) Variable cost for the year (d) Profit for the year.
12.	Product A requires 10 kgs. of materials at the rate of Rs. 4 per kg. The actual consumption of material for the manufacturing of product A came to 12 kgs. of materials at the rate of Rs. 4.50 per kg. Calculate: (a) Material cost variance (b) Material price variance (c) Material usage variance

SECTION D – K5 (CO4)

Answer any ONE of the following in 250 words

(1 x 20 = 20)

13.	Explain the objectives and scope of Management Accounting.
14.	You are required to calculate the following: (a) Working capital turnover (b) Fixed assets turnover (c) Capital turnover. (d) Current Ratio (e) Gross Profit Ratio The information available is as under: Capital employed: Rs. 4,00,000; Current assets: Rs. 2,00,000; Current liabilities: Rs. 40,000; Net fixed assets: Rs. 2,50,000; Sales: Rs. 5,00,000; Cost of sales: Rs. 4,00,000

SECTION E – K6 (CO5)

Answer any ONE of the following in 250 words

(1 x 20 = 20)

15.

Following are the comparative balance sheets of Koushik Ltd.

Liabilities	31.12.2020 Rs.	31.12.2021 Rs.	Assets	31.12.2020 Rs.	31.12.2021 Rs.
Share capital	70,000	74,000	Cash	9,000	7,800
Debentures	12,000	6,000	Trade debtors	14,900	17,700
Trade creditors	10,360	11,840	Stock in trade	49,200	42,700
Provision for doubtful debts	700	800	Goodwill	10,000	5,000
P & L A/c	10,040	10,560	Land	20,000	30,000
	1,03,100	1,03,200		1,03,100	1,03,200

Additional information:

(a) Dividends were paid totalling Rs. 3,500.

(b) Land was purchased for Rs. 10,000 and amount provided for amortization of goodwill totalled Rs. 5,000

(c) Debenture loan was repaid Rs. 6,000

You are required to prepare cash flow statement.

16.

Calculate labour variances from the following data:

A factory worked for 6,000 labour hours during a week. 200 hours were wasted due to power failure. The sundry works done by the workers were equal to 6,400 standard hours. The standard rate per hour was Rs. 15. The actual wage rate was Rs. 20 per hour.

\$\$\$\$\$\$\$\$\$\$\$