# LOYOLA COLLEGE (AUTONOMOUS) CHENNAI – 600 034

**B.Com.** DEGREE EXAMINATION – **ACCOUNTING AND FINANCE**

SIXTH SEMESTER – **APRIL 2025**

**UAF 6501 – MANAGEMENT ACCOUNTING**

Date: 23-04-2025 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.** | **Answer the following** |
| a) | Working capital. |
| b) | Cash flow statement. |
| c) | Variable cost |
| d) | Calculate GP ratio<br>Gross profit – 75,000<br>Net Sales - 3,00,000 |
| e) | Profit - Volume |
| **2.** | **Fill in the blanks** |
| a) | Funds flow refers to changes in ____________ capital. |
| b) | ales budget is a _____________________ budget. |
| c) | A ratio is an arithmetical expression of relationship of one number to_________________. |
| d) | Standard costing is not suitable in ______________________. |
| e) | Capital gearing ratio is also known as ______________. |
| | **SECTION A - K2 (CO1)** |
| | **Answer ALL the Questions** **(10 x 1 = 10)** |
| **3.** | MCQ |
| a) | Cash flows from extraordinary items comprise<br>a) Bad debts recovered b) Winning of a lotter c) winning of a law suit d) all of the above |
| b) | Sale of goods on credit results in<br>a) Increase in working capital b) Decrease in working capital<br>c) Increase as well as decrease in working capital d) None of these |
| c) | At Break-even point, sales is equal to ____________________.<br>a) Total cost b) Variable cost c) Fixed cost d) None of these |
| d) | Return on investments is a<br>a) Profit and loss account ratio b) Balance sheet ratio c) Combined ratio d) None of these |
| e) | Standard costs are<br>a) Ideal costs b) Normal costs c) Reasonable attainable costs d) Post costing |
| **4.** | **True or False** |
| a) | Appropriation of profits do affect the flow of funds. |
| b) | Accounting ratios are clues not basis for immediate conclusions |
| c) | Stock of finished goods is valued at marginal cost in marginal accounting. |
| d) | Budgetary control helps management to plan and control. |
| e) | Standard costs are pre-determined. |
| | |

## SECTION B - K3 (CO2)

**Answer any TWO of the following in 100 words each.** **( 2 x 10 = 20)**

5. Explain the short term and long term solvency ratios with the formulas

6. Calculate fixed charges cover from the from following particulars relating to Ram Co,Ltd:
Net profit after interest and tax = 6,30,000
Provision for income tax = 6,30,000
12%10,000 debentures of Rs.100 each, fully paid-up = 10,00,000

7. A company wants to know how much money it will have in the bank from May to July 2020. They currently have Rs 25,000 in the bank on May 1st, 2020. They need to figure out how much money they will have for the next three months:

| MONTH | SALES (Rs) | PURCHASES (Rs) | WAGES (Rs) | FACTORY EXPENSES (Rs) | OFFICE EXPENSES (Rs) | SELLING EXPENSES (Rs) |
|---|---|---|---|---|---|---|
| Mar | 50,000 | 30,000 | 6,000 | 5,000 | 4,000 | 3,000 |
| Apr | 56,000 | 32,000 | 6,500 | 5,500 | 4,000 | 3,000 |
| May | 60,000 | 35,000 | 7,000 | 6,000 | 4,000 | 3,500 |
| June | 80,000 | 40,000 | 9,000 | 7,500 | 4,000 | 4,500 |
| July | 90,000 | 40,000 | 9,500 | 8,000 | 4,000 | 4,500 |

Other information:
1. 20% of sales is for cash: Remaining amount is collected in the month following that of sale.
2. Suppliers supply goods at 2 months' credit.
3. All expenses are paid in the month following the one in which they are incurred.
4. The company pays dividend to shareholders and bonus to workers of Rs 10,000 and Rs 15,000 respectively in the month of May.
5. Plant has been ordered and is expected to be received in June. It will cost Rs 80,000.
6. Income Tax Rs 25,000 is payable in July.

8. Calculate B.E.P in units and value for the following.

| Particulars | Rs. |
|---|---|
| Total Cost | 1,50,000 |
| Total Variable cost | 1,00,000 |
| Sales (10000 Units) | 2,00,000 |

## SECTION C – K4 (CO3)

**Answer any TWO of the following in 100 words each.** **(2 x 10 = 20)**

9. Ascertain cash from operations for the year 2020 from the following balance sheets

| Liabilities | 2020 | 2021 | Assets | 2020 | 2021 |
|---|---|---|---|---|---|
| Share capital | 500000 | 500000 | Buildings at cost | 300000 | 300000 |
| 8% debentures | 200000 | 200000 | Depreciation thereon | -20000 | -50000 |
| General reserve | 100000 | 140000 | Machinery at cost | 200000 | 240000 |
| P & L A/c | 50000 | 120000 | Depreciation thereon | -30000 | -55000 |
| Trade creditors | 40000 | 70000 | Closing stock | 140000 | 260000 |
| Bills payable | 30000 | 20000 | Trade debtors | 200000 | 300000 |
| Out. Exp. | 10000 | 12000 | Cash at bank | 140000 | 67000 |
| | 930000 | 1062000 | | 930000 | 1062000 |

10. You sell just enough at the Break Even Point to cover your costs. Use a chart to show when your sales match your expenses.

11. A manufacturing concern, which has adopted standard costing, furnished the following information:

Standard

Material for 70 kg finished products: 100 kg.

Price of materials : Re. 1 per kg.

Actual

Output : 210,000 kg.

Material used : 280,000 kg

Cost of material : Rs. 252,000

Calculate (a) Material usage variance (b) Material price variance (c) Material cost variance

12. From the following particulars, prepare a statement showing the proprietors' fund as at 31 st December 1999 with as many details as possible.

i) Current ratio = 2.5:1

ii) Acid test ratio = 1.5:1

iii) Fixed assets to proprietors' fund = 0.75:2

iv) Working Capital = Rs.90,000

v) Reserves & Surplus = Rs.60,000

vi) Bank overdraft = 15,000

## SECTION D – K5 (CO4)

**Answer any ONE of the following in 250 words** **(1 x 20 = 20)**

13. From the following balance sheet of Jai Co. Ltd. As on 31st Dec. 2022 & 2023

| Liabilities | 2022 | 2023 | Assests | 2022 | 2023 |
|---|---|---|---|---|---|
| Share capital | 100000 | 120000 | Goodwill | 15000 | 13000 |
| Profit & Loss a/c | 25000 | 45000 | Building | 50000 | 45000 |
| Debenture | 50000 | 75000 | Machinery | 100000 | 120000 |
| Creditors | 10000 | 15000 | Furniture | 1000 | 2000 |
| Bills payable | 1000 | 2000 | Investment | ----- | 60000 |
| Provision for Dep on Building | 5000 | 7000 | Debtors | 13000 | 12000 |
| Provision for Dep on Machinary | 3000 | 4000 | Stock | 12000 | 11000 |
| | | | Cash | 2000 | 4500 |
| | | | Priliminary Exp. | 1000 | 500 |
| | 194000 | 268000 | | 194000 | 268000 |

Additional Information:

1. A part of building of the original cost of Rs. 5000 on which accumulated depreciation was Rs. 500 was sold during the year 2011 for Rs. 6000
2. One machine costing Rs. 10000 on which accumulated depreciation Rs.300 was sold during the year for Rs. 8000 in 2011.
3. An Interim Dividend Paid during the year 2011 was Rs. 15000

You are required to prepare a fund flow statement.

14. From the following financial statement of X Ltd. Calculate

1. Current ratio
2. Liquid ratio
3. Gross profit ratio
4. Net profit ratio
5. Net profit to capital employed
6. Fixed assets to turnover

7. Sales to capital employed
8. Debtors turnover

Income Statement for the year ending 31-12-1982.

| PARTICULARS | Rs. | Rs. |
|---|---|---|
| Sales:<br>Cash<br>Credit | <br>64,000<br>6,84,000 | |
| <br>Less: Cost of Sales | | 7,48,000<br>5,96,000 |
| Gross profit<br>Less: Expenses:<br>Warehouse and Transport<br>Administration<br>Selling<br>Net profit | <br><br>48,000<br>38,000<br>28,000<br>4,000 | 1,52,000<br><br><br><br><br>1,18,000 |
| | | 34,000 |

Balance Sheet s at 31-12-1982

| Liabilities | Rs. | Assets | | Rs. |
|---|---|---|---|---|
| Share capital | 1,50,000 | Fixed assets (Net) | | 80,000 |
| Reserves | 60,000 | Current assets | | |
| Profit and Loss Account | 24,000 | Stock | 1,88,000 | |
| Debentures | 60,000 | Debtors | 1,64,000 | |
| Current liabilities | 1,52,000 | Cash | 14,000 | 3,66,000 |
| | 4,46,000 | | | 4,46,000 |

## SECTION E – K6 (CO5)

**Answer any ONE of the following in 250 words** **(1 x 20 = 20)**

15. a) From the following information relating to Kumar Ltd., you are required to calculate (10 marks) i. P/V ratio, ii. Break-even point, iii. Profit, iv. Margin of safety. Volume of sales to earn profit of Rs. 6,000, Total Sales – Rs. 15,000, Total Variable – Rs. 7,500, Total Fixed – Rs. 4,500.

b) Critically evaluate the differences between Budgetary Control and Standard Costing by analyzing their objectives, implementation, and impact on financial decision-making. (10 Marks)

16. Develop a flexible budget plan for a production of (a) 3,000 units (b) 5,000 units (c) 7000 units. The expenses of production of 9,000 units in a factory are given as follows:

| PARTICULARS | AMOUNT (Rs) |
|---|---|
| Material | 70 |
| Labour | 25 |
| Variable overheads | 20 |
| Fixed Overheads (Rs 1,00,000) | 10 |
| Variable expenses (direct) | 5 |
| Selling expenses (10% fixed) | 13 |
| Administration expenses (Rs 50,000 fixed for all levels) | 5 |
| Distribution expenses (20% fixed) | 7 |
| Total cost per unit (to make and sell) | 155 |

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