



LOYOLA COLLEGE (AUTONOMOUS) CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – CORPORATE SECRETARYSHIP

SIXTH SEMESTER – JULY 2025

UBC 6502 – MANAGEMENT ACCOUNTING



Date: 11-07-2025

Dept. No.

Max. : 100 Marks

Time: 10:00 AM - 01:00 PM

SECTION A - K1 (CO1)

Answer ALL the Questions

(10 x 1 = 10)

1. Answer the following.

- a) State the need for Management Accounting.
- b) What is meant by Ratio Analysis?
- c) Bring out the uses of Marginal Costing.
- d) Examine the purpose of Funds Flow Statement.
- e) Articulate the need for Budgetary Control.

2. Fill in the blanks.

- a) Management accounting is used by _____ to make informed decisions about the organisation's operations.
- b) Current ratio is a liquidity ratio that measures a company's ability to pay its _____ debts.
- c) The contribution margin is the difference between the _____ and the variable cost.
- d) Funds flow analysis involves the preparation of a _____, which shows the sources and uses of funds.
- e) A flexible budget is a budget that is adjusted to reflect changes in _____ levels.

SECTION A - K2 (CO1)

Answer ALL the Questions

(10 x 1 = 10)

3. True or False.

- a) Management accounting is a mandatory requirement for all organisations.
- b) The current ratio is a measure of company's profitability.
- c) Marginal costing is used only for decision-making purposes.
- d) The funds flow statement shows the sources and uses of funds over a specific period of time.
- e) Zero-base budgeting is a type of budgeting that involves allocating funds based on historical spending patterns.

4. Match the following.

- a) Management Accounting - Working Capital
- b) Solvency Ratios - Decision-making
- c) Break-Even Point - Long-term debts
- d) Funds Flow Analysis - Activity levels
- e) Flexible Budget - No Profit No Loss

SECTION B - K3 (CO2)**Answer any TWO of the following in 100 words each.****(2 x 10 = 20)**

5. Explain the functions of Management Accounting.

6. Following is the Trading and Profit and Loss Account of a business for the year ending 31st December 2024.

Particulars	Rs.	Particulars	Rs.
To Opening stock	1,00,000	By Sales	5,60,000
To Purchases	3,50,000	By Closing Stock	1,00,000
To Wages	9,000		
To Gross profit c/d	2,01,000		
	6,60,000		6,60,000
To Administrative expenses	20,000	By Gross profit – b/d	2,01,000
To Selling expenses	89,000	By Interest on investments (Outside business)	10,000
To Non-operating expenses	30,000	By Profit on sale of investments	8,000
To Net Profit	80,000		
	2,19,000		2,19,000

You are required to calculate:

- Gross profit ratio
- Net profit ratio
- Operating ratio
- Operating profit ratio
- Administrative expenses Ratio

7. The following information is given to you:

Year 2023 : Sales - Rs.1,20,000, Profit - Rs.9,000

Year 2024 : Sales - Rs.1,40,000, Profit - Rs.13,000

Assuming that the cost structure and selling price remains the same in 2023 and 2024.

Calculate the following:

- P/V Ratio.
- Fixed Cost.
- Break Even point for Sales.
- Profit when sales are Rs.1,00,000.
- Sales required to earn a profit of Rs.20,000.

8. From the following information, Calculate Funds From Operations:

Particulars	Rs.
Balance of Profit & Loss Account on 31.12.2024	1,50,000
Balance of Profit & Loss Account on 31.12.2023	1,00,000
Depreciation charged on assets	10,000
Preliminary expenses written off	5,000
Amount transferred to General Reserve	15,000
Sale price of a machine (Book value of Rs. 60,000)	65,000
Interim dividend paid	10,000
Salaries paid	40,000
Loss on sale of Investments	3,000
Rent paid	15,000

SECTION C – K4 (CO3)**Answer any TWO of the following in 100 words each.****(2 x 10 = 20)**

9. Write down the advantages of Ratio Analysis.
10. The following information is supplied by a manufacturing concern regarding one of its products:
Total Sales= Rs. 60,000 (20,000 Units); Total Variable Cost = Rs.30,000; Total Fixed Cost = Rs. 18,000
You are required to calculate the following:
(a) Contribution per unit. (b) Break-Even Point. (c) Margin of Safety.
(d) Profit. (e) Sales required to earn a profit of Rs.24,000.

11. The following are the Balance Sheets of Karuppannan Company limited.

Liabilities	31.12.2023 Rs.	31.12.2024 Rs.	Assets	31.12.2023 Rs.	31.12.2024 Rs.
Share capital	5,00,000	5,00,000	Fixed Assets	6,00,000	7,00,000
Debentures	3,70,000	4,50,000	Long term Investments	2,00,000	1,00,000
Tax payable	77,000	43,000	Work-in-Progress	80,000	90,000
Bills payable	96,000	1,92,000	Stock-in- trade	1,50,000	2,25,000
Dividend paid	87,000	80,000	Bills receivable	70,000	1,40,000
			Cash	30,000	10,000
	11,30,000	12,65,000		11,30,000	12,65,000

You are required to prepare a schedule of changes in working capital.

12. From the following information, prepare a Cash Budget for three months from April to June indicating the extent of bank facilities the company will require at the end of each month:

	Sales Rs.	Purchases Rs.	Wages Rs.
February	1,80,000	1,24,800	12,000
March	1,92,000	1,44,000	14,000
April	1,08,000	2,43,000	11,000
May	1,74,000	2,46,000	10,000
June	1,26,000	2,68,000	15,000

Additional information:

- 50% of credit sales are realized in the month following sales and the remaining 50% in the second month following.
- Creditors are paid in the month following the month of purchase.
- Wages are paid on the 1st of next month.
- Cash at Bank on 1st April Rs.25,000

SECTION D – K5 (CO4)**Answer any ONE of the following in 250 words****(1 x 20 = 20)**

13. From the following details of a company, prepare a Balance Sheet.
Stock Velocity = 6 months
Capital turnover Ratio = 2
Fixed Assets Turnover Ratio = 4
Gross Profit Ratio = 20%
Debtors Velocity = 2 Months
Creditors Velocity = 73 Days
The Gross Profit was Rs.60,000. Reserves and Surplus amount to Rs. 20,000. Closing Stock was Rs. 5,000 in excess of opening stock.

14. The management of Hariprabu Company Ltd. is considering the sales budget for the next period. You are required to present to the management a statement showing:
- The marginal cost of each product, and
 - To recommend which of the following sales mixes should be adopted:
 - 1,800 units of A
 - 1,200 units of B
 - 1,200 units of A and 400 units of B
 - 900 units of A and 600 units of B

The chief accountant has ascertained the following information:

	Product A Rs.	Product B Rs.
Direct Material (Per Unit)	10	12.50
Selling Price (Per Unit)	30	50
Direct Labour at 25 paise per hour	20 Hours	30 hours

Variable Overheads: 100% of Labour

Fixed Overheads: Rs.10,000

SECTION E – K6 (CO5)

Answer any ONE of the following in 250 words

(1 x 20 = 20)

15. From the following Balance Sheet of Kumanan Co. as on 31st December 2023 and on 31st December 2024, prepare a Funds Flow Statement:

Liabilities	2023 Rs.	2024 Rs.	Assets	2023 Rs.	2024 Rs.
Equity Share capital	3,00,000	4,00,000	Goodwill	1,15,000	90,000
Preference Share Capital	1,50,000	1,00,000	Buildings	2,00,000	1,70,000
General reserve	40,000	70,000	Plant	80,000	2,00,000
Profit and Loss a/c	30,000	48,000	Stock	77,000	1,09,000
Proposed dividend	42,000	50,000	Debtors	1,60,000	2,00,000
Provision for Tax	40,000	50,000	Bills Receivable	20,000	30,000
Creditors	55,000	83,000	Cash	15,000	10,000
Bills Payable	20,000	16,000	Bank	10,000	8,000
	6,77,000	8,17,000		6,77,000	8,17,000

Additional information:

- Depreciation of Rs.10,000 and Rs.20,000 have been charged on Plant and Buildings respectively during the year 2024.
- Interim dividend of Rs. 20,000 was paid during the year 2024.
- Income tax of Rs. 35,000 was paid during the year 2024.

16. Explain in detail the merits and demerits of Budgets.
