LOYOLA COLLEGE (AUTONOMOUS) CHENNAI – 600 034

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

SIXTH SEMESTER – **APRIL 2025**

UCO 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.	**Fill in the blanks**
a)	Management Accounting provides alternative choices for managerial _______________
b)	ZBB is ______________ budgeting
c)	Working capital is the difference between current assets and ______________
d)	At break-even point, the total cost is equal to ______________
e)	Variance is the difference between standard cost and ________________
2.	**State True or False**
a)	Management Accounting uses several techniques and tools to analyse and interpret accounting data.
b)	Cash budget estimates capital receipts and capital expenses only.
c)	An ideal current ratio is 1:2.
d)	Variable cost is termed as marginal cost.
e)	A standard cost is a pre-determined cost
	SECTION A - K2 (CO1)
	Answer ALL the Questions (10 x 1 = 10)
3.	**Choose the correct answer**
a)	"Cash flows" include a) cash receipts only b) cash receipts and payments c) cash payments only d) cash and non-cash incomes and expenses
b)	A flexible budget is a) budget for different capacity level b) budget for different departments c) budget for receipts and payments d) none of the above
c)	Solvency ratios indicate a) profitability b) activity c) credit worthiness d) none of theses
d)	P/V ratio is a) price volume ratio b) price variance ratio c) contribution to sales ratio d) total cost to sales ratio

e)	Material price variance is loss or gain a) due to using more or less material b) due to wastage of material c) due to payment of higher or lower price than what is specified d) none of the above
4.	**Answer the following**
a)	Define the term 'funds'
b)	What is Budgetary Control?
c)	Write the meaning of ratio analysis.
d)	State the meaning of key factor
e)	Define standard costing.

SECTION B - K3 (CO2)

Answer any TWO of the following . **(2 x 10 = 20)**

5.	Distinguish between Management Accounting and Financial Accounting.
6.	Lakshmanan Ltd. plans to sell 1,10,000 units of a certain product line in the first fiscal quarter. 1,20,000 units in the second quarter, 1,30,000 units in the third quarter, 1,50,000 units in the fourth quarter and 1,40,000 units in the fifth quarter. At the beginning of the first quarter of the current year, there are 14,000 units of the product in stock. At the end of each quarter, the company plans to have an inventory equal to one-fifth of the sales for the next fiscal quarter. How many units must be manufactured in each quarter of the current year?
7.	From the following information calculate a) Break-even point b) number of units that must be sold to earn a profit of Rs. 60,000 per year c) number of units that must be sold to earn a net income of 10% on sales. Sales price - Rs. 20 per unit Variable cost - Rs. 14 per unit Fixed cost - Rs. 79,200
8.	Debtors velocity : 3 months Creditors velocity : 2 months Stock velocity : 8 times Bills payable :Rs. 4,000 Bills receivable : Rs.10,000 Total sales : Rs. 2,40,000 The closing stock is Rs.2,000 more than the opening stock. Gross profit on the above sales is Rs. 40,000. There are no cash sales and cash purchases, and the accounting year consists of 360 working days. Find out a) Sundry creditors, b) Sundry debtors and c) Closing stock

SECTION C – K4 (CO3)

Answer any TWO of the following **(2 x 10 = 20)**

9.	Explain the advantages and limitations of Budgetary Control

10. From the following Balance Sheets of Arvind Ltd., you required to prepare a cash flow statement:

Liabilities	1989 Rs.	1990 Rs.	Assets	1989 Rs.	1990 Rs.
Share capital	4,00,000	5,00,000	Cash	60,000	94,000
Trade creditors	1,40,000	90,000	Debtors	2,40,000	2,30,000
Profit & Loss A/c	20,000	46,000	Stock	1,60,000	1,80,000
			Land	1,00,000	1,32,000
	5,60,000	6,36,000		5,60,000	6,36,000

11. From the following data calculate: i) P/V ratio ii) Variable cost iii) Profit

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

12. A manufacturing concern which has adopted standard costing furnishes the following formation:

Standard : Materials for 70 kgs of finished product: 100 kgs

Price of material Re.1per kg

Actual: Output 2,10,000 kg

Material used 2,80,000 kg

Cost of materials Rs.2,52,000

Calculate (i) Material price variance (ii) Material usage variance (iii) Material cost variance.

SECTION D – K5 (CO4)

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

13. Prepare a balance sheet with as many details as possible from the following information.

Gross profit ratio	- 20%
Debtor's turnover	- 6 times
Fixed assets to net worth	- 0.80
Reserves to capital	- 0.50
Current ratio	- 2.50
Liquid ratio	- 1.50
Net working capital	- Rs.3,00,000
Stock turnover ratio	- 6 times.

14. A newly started Pushpak Co, wishes to prepare cash budget from January. Prepare a cash budget for the 6 months from the following estimated revenue and expenses.

Months	Total sales (Rs.)	Materials (Rs.)	Wages (Rs.)	Production (Rs.)	Selling &distribution overhead (Rs.)
Jan	20,000	20,000	4,000	3,200	800
Feb	22,000	14,000	4,400	3,300	900
Mar	24,000	14,000	4,600	3,300	800
Apr	26,000	12,000	4,600	3,400	900
May	28,000	12,000	4,800	3,500	900
Jun	30,000	16,000	4,800	3,600	1,000

1) Cash balance on 1st Jan was Rs.10,000. A new machine is to be installed at Rs. 30,000 on credit to be repaid by two equal instalments in March and April.
2) Sales commission at 5% on total sales is to be paid within the month following actual sales.

3) Rs.10,000 being the amount of 2nd call may be received in March. Share premium amounting to Rs. 2,000 is also obtained with 2nd call.
4) Period of credit allowed by suppliers - 2 months
5) Period of credit allowed to customers - 1 month
6) Delay in payment of overheads - 1 month
7) Delay in payment of wages - 1/2 month
8) Assume cash sales to be 50% of the total sales.

SECTION E – K6 (CO5)

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

15. Reliance Battery Co. furnishes you the following information:

	First Year (Rs.)	Second Year (Rs.)
Sales	8,10,000	10,26,000
Profit	21,600	64,800

From the above you are required to compute the following assuming that the fixed cost remains the same in both the period.

a) Profit volume ratio
b) Fixed cost
c) The amount of profit or loss when sales are Rs. 6,48,000
d) The amount of sales required to earn a profit of Rs. 1,08,000.
e) Sales at BEP.

16. Balance Sheets of M/s. Black & White as on 1st Jan. 1993 & 31st Dec. 1993 were as follows:

Liabilities	1-1-1993 (Rs.)	31-12-1993 (Rs).	Assets	1-1-1993 (Rs).	31-12-1933 (Rs).
Creditors	40,000	44,000	Cash	10,000	7,000
White's loan	25,000	-	Debtors	30,000	50,000
Loan from bank	40,000	50,000	Stock	35,000	25,000
Capital	1,25,000	1,53,000	Machinery	80,000	55,000
			Land	40,000	50,000
			Buildings	35,000	60,000
	2,30,000	2,47,000		2,30,000	2,47,000

During the year a machine costing Rs. 10,000 (accumulated depreciation Rs. 3,000) was sold for Rs. 5,000. The provision for depreciation against machinery as on 1st Jan. 1993 was Rs. 25,000 and on 31st Dec. 1993 Rs. 40,000. Net profit for the year 1993 amounted to Rs. 45,000. Prepare cash flow statement.

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