LOYOLA COLLEGE (AUTONOMOUS) CHENNAI – 600 034

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

SIXTH SEMESTER – **JULY 2025**

UCO 6501 – 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.	**Fill in the blanks**
a)	Accounting designed to serve external parties to the operating responsibility of the firm is called as ___________________________ Accounting.
b)	__________________ is a statement of planned events expressed in financial terms.
c)	Gross profit ratio = ___________________________
d)	High Margin of safety means sales is ________________ than Break even sales
e)	Variance is the difference between standard performance and _______________ performance.
2.	**Choose the Correct answer**
a)	Management Accounting involves: a) Preparation of financial statements b) Analysis and interpretation of data c) Recording of transactions d) None of the above
b)	The difference between fixed and variable cost has a special significance in the preparation of : a) Flexible Budget b) Master Budget c) Cash Budget d) None of the above
c)	Turnover ratio helps management in a) Managing resources b) Managing debt c) Evaluating performance d) All of the Above
d)	When Fixed cost is Rs. 10,000 P/V ratio is 50%, Break Even Point will be a) Rs. 5,000 b) Rs. 20,000 c) Rs. 40,000 d) None of the above
e)	Standard costs are a) Normal costs b) Average Costs c) Reasonably attainable costs d) All of the Above
	SECTION A - K2 (CO1)
	Answer ALL the Questions (10 x 1 = 10)
3.	**State True or False**
a)	Management Accounting provided invaluable services to management in performing controlling functions only.
b)	Summary Budget incorporating all functional budgets is called a flexible budget.

c)	Debt equity is a solvency ratio.
d)	The excess of selling price over variable cost is called profit
e)	A Cost variance is said to be favourable if the standard cost is more than actual cost.
4.	**Write a short note on the following**
a)	Liquidity
b)	Zero based budgeting
c)	Current ratio
d)	Break-even point
e)	Idle time

SECTION B - K3 (CO2)

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

5. Differentiate management accounting from financial accounting.

6. From the following data, prepare a production budget for Anitha Ltd:
Stock for the budgeted period:

Product	As on 1st January (Units)	As on 30th June (Units)
A	8,000	10,000
B	9,000	8,000
C	12,000	14,000

Requirements to fulfil sales programme:
A- 60,000 units, B- 50,000 units, C- 80,000 units
Normal loss in production A- 4% B- 2% C- 6%

7. A factory manufacturing sewing machines has the capacity to produce 500 machines per annum. The marginal (variable) cost of each machine is Rs.200 and each machine is sold for Rs.250. Fixed overheads are Rs.12,000 per annum. Calculate the Break even point for output and Sales and show what profit will result if output is 90% of capacity?

8. M/s Raj & Sons presents you the following balance sheet as on 31-12-2023

Liabilities	Amount	Assets	Amount
Equity shares of Rs. 10 each	10,00,000	Fixed assets	10,00,000
Reserve Fund	1,00,000	Stock	4,00,000
7% Debentures	3,00,000	Debtors	3,00,000
Overdraft	2,00,000	Cash	2,00,000
Creditors	3,00,000		
	19,00,000		19,00,000

Calculate Liquidity ratios, Solvency ratios, Debt -equity ratios

SECTION C – K4 (CO3)

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

9. Balance Sheets of A and B on 1-1-2018 and 31-12-2018 were as follows:

Liabilities	1-1-2018	31-12-2018	Assets	1-1-2018	31-12-2018
Creditors	40,000	44,000	Cash	10,000	7,000
Mrs. A'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
			Building	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 1-1-20218 was Rs.25,000 and 31-12-2018 Rs.40,000. Net profit for the year 2018 amounted to Rs.45,000 . You are required to prepare a Cash flow statement.

10. Prepare a flexible budget from the following data
Capacity 50% (10,000 units)
Selling price per unit Rs.200
Materials Rs.100
Labour Rs.30
Factory overhead Rs.30 (Rs.12 fixed)
Administrative overhead Rs.20 (Rs.10 fixed)
At 60% working, material cost per unit increases by 2% and selling price per unit falls by 2%
At 80% working, material cost per unit increases by 5% and selling price per unit falls by 5%
Estimate the profit at 60% and 80% working.

11. The standard cost card reveals the following information:
Standard Labour Rate : 50 paise per hour
Standard hours required per unit : 10 hours
Actual data are given below
Units produced : 500
Actual hours worked : 6,000
Actual labour cost : Rs. 2,400
Calculate labour variances

12. Discuss the importance, advantages and limitations of Cash flow statement analysis.

SECTION D – K5 (CO4)

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

13. Vinak Ltd produces an article by blending two raw materials. It operates a standard costing system and the following standards have been set for raw materials:

Material	Standard Mix (in %)	Standard price per kg (Rs)
A	40	4
B	60	3

The standard loss in processing is 15%
During April 2018, the company produced 1700 kg of finished output.
The position of stock and purchases for the month of April 2018 are as under:

Materials	Stock on 1-4-2018 (Kg)	Stock on 30-4-2018 (Kg)	Purchases during April 2018 (Kg)	Cost (Rs.)
A	35	5	800	3,400
B	40	50	1,200	3,000

Calculate the following variances:
(i) Material price variance (ii) Material usage variance (iii) Material yield variance (iv) Material mixture variance (v) Total material cost variance

14. From the following particulars, prepare a Cash Budget. Expects to have Rs. 25,000 in Bank, on

1st May 2022, and requires you to prepare an estimate of cash position during the 3 months May to July2022

Month	Sales	Purchases	Wages	Factory Exp	Office Exp	Selling Exp
March	50,000	30,000	6,000	5,000	4,000	3,000
April	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 cash, remaining amount is collected in the month following that of sale.
2) Suppliers supply goods at 2 months credit.
3) There is no lag in payment of wages.
4) All expenses are paid in the month following the one in which they are incurred.
5) The company pays dividends to shareholders and bonus to workers of Rs.10,000 and Rs.15,000. respectively, in the month of May.
6) Plant has been ordered and is expected to be received in June. It will cost Rs.80,000.
7) Income tax Rs.25,000 is payable in July.

SECTION E – K6 (CO5)

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

15. With the following ratios and further information, prepare a Trading, Profit & Loss Account and Balance Sheet of Shri. Narain

Gross Profit ratio	25%	Fixed Assets/Capital	5/4
Net Profit/Sales	20%	Fixed Assets/Total Current assets	5/7
Stock turnover ratio	10	Fixed Assets	Rs.10,00,000
Net profit/Capital	1/5	Closing Stock	Rs.1,00,000
Capital to total liabilities	1/2		

16. A company with 90% capacity utilisation is manufacturing a product and makes a sale of Rs.9,45,000 at Rs.30 per unit. The cost data is as under:
Materials Rs.9 per unit
Labour Rs.7 per unit
Semi variable cost (including variable cost of Rs. 4.25 per unit) Rs. 2,10,000
Fixed Cost Rs. 94,500 upto 90% of capacity. Beyond this, an additional amount of Rs.15,000 will be incurred.
You are required to calculate

1) Level of output at breakeven point
2) Number of units to be sold to earn a net income of 10% of sales
3) Level of output to earn a profit of Rs.1,41,375

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