



# LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

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

**SIXTH SEMESTER – APRIL 2023**

**UCO 6501 – MANAGEMENT ACCOUNTING**

Date: 29-04-2023

Dept. No.

Max. : 100 Marks

Time: 09:00 AM - 12:00 NOON

## SECTION - A

Answer all the questions:

10 x 2 = 20 Marks

1. Define Management Accounting.
2. What are the three objectives of Cash flow statement, as stated in AS-3 (revised)?
3. What is Zero Based Budgeting?
4. Prepare Material Procurement Budget for the month of January.

	Material ( in Units)	
	A	B
Estimated stock 1 <sup>st</sup> January	1,600	600
Estimated stock on 31 <sup>st</sup> January	2,000	800
Estimated consumption in the month	12,000	4,400

5. What are Profitability Ratios?
6. Calculate Average collection period from the following:

	Rs.
Credit sales for the year	30,000
Debtors	2,500
Bills receivable	3,000

7. Define Marginal costing.
8. Sales Rs. 1,00,000 ; Profit Rs. 10,000 ; Variable cost 70%. Find out
  - (a) P/V Ratio
  - (b) Fixed cost
9. What is Standard cost?
10. What is Variance Analysis?

## SECTION – B

Answer any **FOUR** questions only

4 X 10 = 40 Marks

11. Distinguish between Management Accounting and Financial Accounting.
12. Draw up a flexible budget for production at 75% and 100% capacity on the basis of the following data for a 50% activity.

Materials	Rs.100 Per Unit
Labour	Rs.50 Per Unit
Variable Expenses (Direct)	Rs.10 Per Unit
Administrative Expenses (50% Fixed)	Rs.40,000
Selling & Distribution Expenses (60% Fixed)	Rs.50,000
Present Production (50% Activity)	1,000 Units

13. What are the essentials of successful budgetary control?
14. Explain the merits of Standard costing?

15. A company shows the following results for two periods:

Period	Sales	Profit
I Period	Rs. 20,000	Rs. 1,000
II Period	Rs. 10,000	Rs. 400

Calculate:

- P/V Ratio
- Fixed Cost
- BEP
- Profit when sales are Rs. 30,000.

16. From the following balances you are required to calculate cash from operating activities.

	31-12-2006 (Rs.)	31-12-2007 (Rs.)
Debtors	50,000	47,000
Bills receivable	10,000	12,500
Creditors	20,000	25,000
Bills payable	8,000	6,000
Outstanding expenses	1,000	1,200
Prepaid expenses	800	700
Accrued income	600	750
Income received in advance	300	250
Profit made during the year	-	1,30,000

17. From the following particulars, pertaining to assets and liabilities of a company, Calculate:

- Current ratio
- liquid ratio
- Proprietary ratio, and
- Debt equity ratio

Liabilities	Rs.	Assets	Rs.
5,000 equity shares of Rs.100 each	5,00,000	Building	6,00,000
2,000 8% preference shares of Rs. 100 each	2,00,000	Machinery	5,00,000
4,000 9% Debentures of Rs. 100 each	4,00,000	Stock	2,40,000
Reserves	3,00,000	Debtors	2,00,000
Creditors	1,50,000	Cash at Bank	55,000
Bank overdraft	50,000	Prepaid expenses	5,000
	16,00,000		16,00,000

### SECTION – C

Answer any **TWO** questions

**2 x 20 = 40 Marks**

18. From the following Balance Sheets of Raja Ltd., make out the statement of Cash flow.

#### Balance Sheets

Liabilities	2020 (Rs.)	2021 (Rs.)	Assets	2020 (Rs.)	2021 (Rs.)
Equity share capital	3,00,000	4,00,000	Goodwill	1,15,000	90,000
8% Redeemable pref. share capital	1,50,000	1,00,000	Land & Buildings	2,00,000	1,70,000
General reserve	40,000	70,000	Plant	80,000	2,00,000
P&L A/c	30,000	48,000	Debtors	1,60,000	2,00,000
Propose dividend	42,000	50,000	stock	77,000	1,09,000
Creditors	55,000	83,000	Bills receivable	20,000	30,000
Bills payable	20,000	16,000	Cash in hand	15,000	10,000
Provision for taxation	40,000	50,000	Cash at 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 account and Land & Buildings account respectively in 2021.
- An interim dividend of Rs.20,000 has been paid in 2021.
- Income tax Rs.35,000 was paid during the year 2021.

19. Prepare a Cash budget for the first four months from the following estimated revenue and expenses:

Month	Sales	Purchases	Wages	Overhead Administrative	Overhead Distribution
	Rs.	Rs.	Rs.	Rs.	Rs.
April	60,000	60,000	12,000	2,000	1,200
May	66,000	42,000	14,000	2,200	1,400
June	72,000	40,000	16,000	2,200	1,400
July	78,000	36,000	18,000	2,400	1,600
August	84,000	34,000	20,000	2,600	1,600

Additional Information:

- Cash balances on 1<sup>st</sup> April was Rs.35,000.
- 50 percent of sales are on credit basis which are realized in the subsequent month.
- Suppliers are paid in the month following the month of supply.
- Delay in payment of wages and overheads is 30 days.
- Dividends on investment amounting Rs. 10,000 may be received in April and July.
- Company plans to purchase a machine for Rs. 60,000 for which it has to pay the consideration in three equal installments in the month of April, June and July.

20. From the following information of Product No.252, Calculate

- Material cost variance
- Material price variance
- Material usage variance
- Material mix variance
- Material subusage variance

Material	Standard Qty Kgs	Standard Price Rs.	Actual Qty Kgs	Actual Price Rs.
X	20	5	24	4.00
Y	16	4	14	4.50
Z	12	3	10	3.25
	48		48	

21. Using the information given below compute the Balance Sheet items for a firm having sales of Rs.36 lakhs.

Sales / Total assets	3
Sales / Fixed assets	5
Current Assets	7.5
Inventory Turnover Ratio	20
Debtors Turnover Ratio	15
Current Ratio	2
Total Assets / Net Worth	2.5
Debt / Equity	1

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