

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



B.Com.DEGREE EXAMINATION –CORPORATE SECRETARYSHIP

FIFTH SEMESTER – APRIL 2018

BC 5506– MANAGEMENT ACCOUNTING

Date: 03-05-2018
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

SECTION A (10X2=20Marks) ANSWER ALL THE QUESTIONS

1. What are the uses of management accounting?
2. State the limitations of financial statements.
3. State two reasons for preparing cash budget.
4. What is the significance of Turnover ratios?
5. Why Gross Working Capital is computed?
6. What is Angle of Incidence?
7. Mention the significance of EPS.
8. What is ZBB?
9. From the following figures, prepare raw materials purchase budget.

| | Material (units) | | | |
|-------------------------------|------------------|--------|----------|--------|
| | A | B | C | D |
| Estimated opening stock | 16,000 | 6,000 | 24,000 | 2,000 |
| Estimated closing stock | 20,000 | 8,000 | 28,000 | 4,000 |
| Estimated consumption | 1,20,000 | 44,000 | 1,32,000 | 36,000 |
| Standard price per unit (Rs.) | 0.25 | 0.05 | 0.15 | 0.1 |

10. Calculate break even point (in Rs).Sales- Rs 6,00,000,Fixed expenses –Rs1,50,000
Variable cost : Direct material –Rs2,00,000,Direct labour-Rs1,20,000,Other variable expenses-
Rs80,000

SECTION B (4X10=40 Marks) Answer any four of the following

11. Bring out any three Similarities and Differences between Financial and Management Accounting.
12. Discuss the significance of ratio analysis.
13. The summarized Balance Sheets of Ms.Lakshmi&co, as on 31-12-2010 and 31-12-2011 are furnished; prepare a Schedule of changes in Working Capital.

| LIABILITIES | 2010 | 2011 | ASSETS | 2010 | 2011 |
|---------------|-----------|-----------|---------------------|----------|-----------|
| Share capital | 12,00,000 | 16,00,000 | Plant and machinery | 8,00,000 | 12,00,000 |
| Debentures | 4,00,000 | 6,00,000 | Land and building | 6,00,000 | 8,90,000 |
| P& L a /c | 2,50,000 | 5,00,000 | Stock | 6,00,000 | 7,00,000 |
| Creditors | 2,30,000 | 1,80,000 | Bank | 40,000 | 80,000 |

| | | | | | |
|-----------------------------------|-----------|-----------|----------------------|-----------|-----------|
| Bad & Doubtful debts | 12,000 | 6,000 | Preliminary expenses | 14,000 | 12,000 |
| Depreciation on land & building | 40,000 | 48,000 | Debtors | 1,38,000 | 1,22,000 |
| Depreciation on plant & Machinery | 60,000 | 70,000 | | | |
| | 21,92,000 | 30,04,000 | | 21,92,000 | 30,04,000 |

14. Prepare a flexible budget on the basis of the data given below and ascertain the total cost at 40% capacity and 80% capacity levels.

| | At 40% capacity Rs. | At 60% capacity Rs. | At 80% capacity Rs. |
|-------------------------------|------------------------|------------------------|------------------------|
| Fixed costs: | | 30000 | |
| Salaries | | | |
| Insurance | | 20000 | |
| Variable costs: | | 90000 | |
| Materials | | | |
| Wages | | 75000 | |
| Semi variable costs: | | 24000 | |
| Maintenance (60% variable) | | | |
| Lighting(50% fixed) | | 16000 | |
| Supervision(80% fixed) | | 30000 | |
| Total cost | | 30000 | |

15. Following information has been made available from the cost records of United Automobile Ltd.
Manufacturing spare parts:

- Direct materials Per Unit
 - X Rs.8
 - Y Rs.6
- Direct wages
 - X 24 hours @ 25ps per hour
 - Y 16 hours @ 25ps per hour
- Variable overheads 150% of direct wages
- Fixed overheads(total) Rs.750
- Selling price
 - X Rs.25
 - Y Rs.20

The directors want to be acquainted with the desirability of adopting any one of the following alternative sales mixes in the budget for the next period.

- (a) 250 units of X and 250 units of Y.
- (b) 400 units of Y only.
- (c) 400 units of X and 100 units of Y.
- (d) 150 units of X and 350 units of Y.

16. From the following information calculate: (a) Material cost variance (b) Material usage variance (c) Material price variance separately for X and Y.

| Material | Standard Quantity (Kg) | Standard Price (Rs.) | Actual Quantity (Kg) | Actual Price (Rs.) |
|----------|------------------------|----------------------|----------------------|--------------------|
| X | 10 | 4 | 12 | 3.75 |
| Y | 15 | 5 | 18 | 4.50 |
| | 25 | | 30 | |

17. From the following information, Compute,

- Fixed assets ratio
- Capital gearing ratio
- Debt Equity Ratio
- Proprietary Ratio
- Current Ratio

| LIABILITIES | AMOUNT | ASSETS | AMOUNT |
|-----------------------|-----------------|------------------|-----------------|
| Equity capital | 2,00,000 | Fixed assets | 3,60,000 |
| 9% preference Capital | 1,00,000 | Stock | 50,000 |
| 8% Debentures | 1,00,000 | Debtors | 1,10,000 |
| Profit & Loss a/c | 40,000 | Bills Receivable | 6,000 |
| Creditors | 90,000 | Bank Balance | 4,000 |
| | 5,30,000 | | 5,30,000 |

SECTION C (2X20=40)
ANSWER ANY TWO QUESTIONS

18. Who are the users of financial statements? Discuss the tools to analyse the financial statements.

19. A company expects to have Rs.37500 cash in hand on 1st April 1990 and requires you to prepare an estimate of cash position during the 3 months April to June 1990.

| MONTH | SALES | PURCHASES | WAGES | FACTORY EXP | OFFICE EXP | SELLING EXP |
|-------|--------|-----------|-------|-------------|------------|-------------|
| FEB | 75000 | 45000 | 9000 | 7500 | 6000 | 4500 |
| MAR | 84000 | 48000 | 9750 | 8250 | 6000 | 4500 |
| APRI | 90000 | 52000 | 10500 | 9000 | 6000 | 5250 |
| MAY | 120000 | 60000 | 13500 | 11250 | 6000 | 6570 |
| JUNE | 135000 | 60000 | 14250 | 14000 | 7000 | 7000 |

- Period of credit allowed by suppliers is 2 months
- 20% of sales is for cash and period of credit allowed to customers of credit sales is 1 month
- Delay in payment of all expenses is 1 month
- Income tax of Rs..57000 is due to be paid on june 15th, 1990
- The company is to pay dividend to shareholders and bonus to workers of rs.15000 and Rs. 22500 respectively in the month of April & July
- Plant has been ordered and expected to be received and paid in May it will cost Rs.120000.

20. The budgeted labour force for producing 1,000 articles (X) is

| | Total standard hours | Total standard cost (Rs.) |
|---|-----------------------------|----------------------------------|
| 30 men @ Rs. 40 per hour for 50 hours | 1,500 | 60,000 |
| 20 women @ Rs. 30 per hour for 30 hours | 600 | 18,000 |
| 10 boys @ Rs. 20 per hour for 20 hours | 200 | 4,000 |
| | 2,300 | 82,000 |

The actual data and related work force are as follows: Articles produced, 1,000

| | Total actual hours | Total cost (Rs.) |
|---|---------------------------|-------------------------|
| 25 men @ Rs. 45 per hour for 50 hours | 1,250 | 56,250 |
| 30 women @ Rs. 30 per hour for 30 hours | 900 | 27,000 |
| 10 boys @ Rs. 20 per hour for 15 hours | 150 | 3,000 |
| | 2,300 | 86,250 |

Calculate (i) labour cost variance, (ii) labour rate variance, (iii) labour sub-efficiency variance, (iv) labour mix variance.

21. Comment on the profitability of each product when:

(A) Raw material is the key factor

(B) Sales quantity is the key factor

| | Product A Per unit (Rs) | Product B Per unit (Rs) |
|--------------------------|-----------------------------------|-----------------------------------|
| Selling price | 200 | 500 |
| Materials (Rs 20 per kg) | 40 | 160 |
| Labor (Rs 10 per hour) | 50 | 100 |
| Variable overheads | 20 | 40 |
| Total fixed overheads | Rs.15000 | |
