



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

M.COM.DEGREE EXAMINATION – COMMERCE

THIRD SEMESTER – APRIL-2018

C 911/C 916 – MANAGEMENT ACCOUNTING

Date: 08-05-2018
Time: 9:00 – 12:00

Dept. No.

Max. : 100 Marks

Section – A

Answer all questions:-

10 x 2 = 20

1. Mention the scope of Management Accounting.
2. What do you mean by Management Information System?
3. Why do we prepare Fund Flow Statement?
4. Give meaning of Working Capital.
5. Give the formula of Current Ratio.
6. What is Ratio Analysis?
7. Mention the application of marginal costing.
8. Illustrate the Break- Even Point.
9. How is budget prepared?
10. What is the need to prepare Variance Analysis?

Section – B

Answer any FIVE questions:-

8 x 5 = 40

11. Discuss the uses of Fund Flow Statements.
12. Explain the advantages of disadvantages of Management Accounting.
13. Distinguish between Standard Costing and Budgeting
14. Discuss the application of Marginal Costing in decision making.
15. The standard material and standard cost per kg. of material required for the production of One unit of product A is as follows:

Material – 5 Kgs. Standard Price - Rs.5 per kg.

The actual production and related material data are as follows:

400 units of Product A

Material used 2,200 kgs.

Price of Material Rs.4.50 per kg.

Calculate (1) Material Cost Variance

(2) Material Usage Variance

(3) Material Price Variance

16. From the following details, calculate funds from operations:

| Particulars | Rs. | Particulars | Rs. |
|------------------------------|--------|----------------------------------|-------|
| Salaries | 10,000 | Discount on issue of debentures | 1,000 |
| Rent | 2,000 | Provision for bad debts | 2,000 |
| Refund of tax | 10,000 | Transfer to general reserve | 4,000 |
| Profit on sale of building | 1,000 | Preliminary expenses written off | 5,000 |
| Depreciation on plant | 7,000 | Goodwill written off | 4,000 |
| Loss on sale of plant | 3,000 | Proposed dividend | 5,000 |
| Closing balance of P & L A/c | 40,000 | Dividend received | 2,000 |
| Opening balance of P & L A/c | 15,000 | Provision for tax | 5,000 |

17. Assuming that the cost structure and selling prices remain the same in periods I and II find out : (i) P / V ratio . (ii) B. E. Sales .(iii) Profit when sales are Rs. 1,00,000 .(iv) Sales required to earn a profit of Rs. 20,000 .(vi)Margin of safety in Iind period

| Period | Sales (Rs.) | Profit(Rs.) |
|--------|-------------|-------------|
| I | 1,20,000 | 9,000 |
| II | 1,40,000 | 13,000 |

18. From the following particulars pertaining to assets and liabilities of a company calculate (1) Current ratio (2) Liquid ratio (3) Proprietary ratio (4) Debt-Equity ratio (5) Capital Gearing ratio.

| | Rs. | Assets | Rs. |
|--|------------------|---------------------|------------------|
| 5,000 Equity shares of Rs. 100 each | 5,00,000 | Land and Building | 6,00,000 |
| 2,000 8% Preference shares of Rs. 100 each | 2,00,000 | Plant and 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 and bank | 55,000 |
| Bank overdraft | 50,000 | Pre-paid expenses | 5,000 |
| | <u>16,00,000</u> | | <u>16,00,000</u> |

Section – C Answer any TWO questions:-

2 x 20 = 40

19. From the particulars given below prepare a Cash Budget for the month June 1999:

- a. Expected sales:
April 99 – Rs.2,00,000; May – Rs.2,20,000;
June – Rs.1,90,000.
Credit allowed to customers is two months and 50% of the sales of every month is on cash basis.
- b. Estimated purchases:
May 99 – Rs.1,20,000; June – 1,10,000
40% of the purchase of every month is on cash basis and the balance is payable next month.
- c. Rs.2,000 is payable as rent every month.
- d. Time lag in payment of overhead is ½ month.
Overhead : For May Rs.12,000; For June Rs.11,000
- e. Depreciation for the year is Rs.12,000.
- f. Interest receivable on investment during June and Dec. Rs. 3,000 each.
- g. Tax payable during April 99 Rs.10,000.
- h. Estimated Cash Balance as on 1-6-99 is Rs.42,500.

20. From the following information, prepare a Balance Sheet. Show the Workings.

| | |
|---------------------------------------|-----------|
| 1. Working capital | Rs.75,000 |
| 2. Reserves and surplus | 1,00,000 |
| 3. Bank overdraft | 60,000 |
| 4. Current ratio | 1.75 |
| 5. Liquid ratio | 1.15 |
| 6. Fixed assets to proprietors' funds | 0.75 |
| 7. Long – term liabilities | Nil |

21. Following information has been made available from the cost records of United Automobiles Ltd. Manufacturing spare parts.

| | |
|------------------|----------|
| Direct Materials | Per Unit |
| X | Rs. 8 |
| Y | 6 |
| Direct Wages | |

| | |
|--------------------|-------------------------------|
| X | 24 hours at 25 paise per hour |
| Y | 16 hours at 25 paise per hour |
| Variable overheads | 150% of wages |
| Fixed overheads | Rs. 750 |
| Selling price | |
| X | Rs. 25 |
| Y | 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 (b) and 100 units of Y (d) 150 units of X and 350 units of Y.

State which of the alternative sales mixes you would recommend to the management?

15. 22. From the following the Balance sheet prepare a Fund Flow Statement for 2015.

Balance Sheets of Sree Ganesh Ltd., as on 31st March

| Liabilities | 2014 (Rs.) | 2015 (Rs.) | Assets | 2014((Rs.) | 2015(Rs.) |
|--------------------------|------------|------------|--------------------------|------------|-----------|
| Share capital | 6,00,000 | 6,00,000 | Fixed Assets | 10,00,000 | 11,20,000 |
| Reserves | 50,000 | 1,80,000 | Less : Depreciation | 3,70,000 | 4,60,000 |
| Profit and Loss account | 40,000 | 65,000 | | 6,30,000 | 6,60,000 |
| Debentures | 3,00,000 | 2,50,000 | Stock | 2,40,000 | 3,70,000 |
| Creditors for goods | 1,70,000 | 1,60,000 | Book debts | 2,50,000 | 2,30,000 |
| Provision for Income tax | 60,000 | 80,000 | Cash in hand and at Bank | 80,000 | 60,000 |
| | | | Preliminary Expenses | 20,000 | 15,000 |
| | 12,20,000 | 13,35,000 | | 12,20,000 | 13,35,000 |

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