LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

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

SIXTH SEMESTER – **APRIL 2022**

16/17/18UCO6MC01 – MANAGEMENT ACCOUNTING

Date: 15-06-2022 Dept. No. Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

SECTION – A

ANSWER **ALL** THE QUESTIONS: **10 X 2 = 20 MARKS**

1. Define Management Accounting.

2. Bring out any three significance of Turnover ratios.

3. What is margin of safety?

4. What is a Master Budget?

5. Define liquid ratio .

6. From the following information find out the amount of Profit using Marginal Costing Technique.

Fixed Costs ₹2,50,000

Variable Costs ₹10 per unit

Selling Price ₹15 per unit

Output Level ₹75,000 units

7. Current Ratio = 2.8

Acid Test Ratio = 1.5

Working Capital = ₹ 1,62,000

Find out a) Current Assets

b) Current Liabilities

c) Liquid Assets

8. What are cash and cash equivalents?

9. Sales ₹ 1,20,000

Gross profit ratio ₹ 25/-

Opening stock is ₹ 10,000/- more than closing stock.

Calculate purchases.

10. Find out the semi variable cost for 50,000 units.

Semi variable cost for 20,000 units: ₹15,000(40% fixed and 60% variable)

SECTION – B

ANSWER ANY **FOUR**QUESTIONS ONLY 4 X 10 **= 40 MARKS**

11. State some of the important objectives of Management Accounting.

12. Highlight the advantages and limitations of Management accounting.

13. Following are the ratios relating to the trading activities of Neela Traders Ltd., Chennai.

Receivables turnover - 90 days (360 days year)
Inventory turnover - 3 times
Payables turnover - 3 months
Gross profit ratio - 25%

Gross profit for the year amounted to ₹18,000. Closing inventory of the year is ₹ 2,000 above the opening inventory. Bills receivable amount to ₹2,500 and bills payable ₹1,000. Ascertain the following:

(a)Sales (b)Debtors (c)Closing inventory (d)Sundry creditors

14. The following are the operating details of two plants operating under the same management:

Particulars	Plant A	Plant B
Sales	10,00,000	8,00,000
Variable cost	6,00,000	5.00,000
Fixed cost	2,00,000	1,00,000
Capacity of operation	100%	50%

You are required to ascertain:

(a) Break even sales and break even capacity of the merged plant
(b) Profit and Profitability of operating the merged plant at 90% of the capacity

Capacity level of operation, if profit of ₹ 4,00,000 (the profit made by both plants before merger) has to be made by the merged plant.

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

Year	**Units**	**Total cost**	**Sales**
2003	10,000	₹80,000	₹1,00,000
2004	12,000	₹90,000	₹1,20,000

Find out the following:

(a) P/V Ratio
(b) BEP both in units and amount
(c) Fixed Cost
(d) Margin of safety in the year 2004

16. The standard mix for 100 units of product 'X' is

Material A	6 Kg at ₹15	90
Material B	4 Kg at ₹10	40
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	10 Kg	Rs 130
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During January, the actual consumption was as follows

Material A	63 kg @ ₹14	882
Material B	39 kg @₹11	429
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	102 kg	₹ 1,311
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Actual output was 960 units. Calculate material variances

17. Prepare production budget

Product	Budgeted sales quantity Units	Actual stock on 31.12.99 Units	Desired stock on 30.6.2000
S	20000	4000	5000
T	50000	6000	10000

SECTION C

Answer any **TWO** questions **(2x20=40marks)**

18. Prepare a Cash flow statement from the following Balance Sheets of PRR as at 31st March 2006 and 2007

Liabilities	**2006**	**2007**	**Asset**	**2006**	**2007**
Share capital	4,50,000	4,50,000	Fixed Assets	4,00,000	3,20,000
General Reserve	3,00,000	3,10,000	Investments	50,000	60,000
P & L Account	56,000	68,000	Stock	2,40,000	2,10,000
Creditors	1,68,000	1,34,000	Sundry Debtors	2,10,000	4,55,000
Mortgage Loan	---	2,70,000	Bank	1,49,000	1,97,000
Prv. For Taxation	75,000	10,000			
	10,49,000	12,42,000		10,49,000	12,42,000

Additional Information:

(i) Investments costing ₹8,000 were sold during the year for ₹8,500 and further investments were purchased during the year for ₹18,000

(ii) The net profit for the year was ₹62,000 after charging depreciation on fixed assets ₹70,000 for the year and provision for taxation ₹10,000

(iii) During the year part of fixed assets costing ₹10,000 was disposed for ₹12,000 and the profit was included in the P&L A/c.

(iv) Dividend paid during the year amounted to ₹40,000

19. A newly started Pushpak Company wishes to prepare cash budget from January. Prepare a cash budget for the 6 months from the following estimated revenue and expenses:

Month	Total Sales	Materials	Wages	Production Overhead	Selling & Distribution Overhead
January	20,000	20,000	4,000	3,200	800
February	22,000	14,000	4,400	3,300	900
March	24,000	14,000	4,600	3,300	800
April	26,000	12,000	4,600	3,400	900
May	28,000	12,000	4,800	3,500	900
June	30,000	16,000	4,800	3,600	1,000

1. Cash balance on 1st January was ₹10,000. A new machine is to be installed at ₹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. ₹10,000 being the amount of 2nd call may be received in March. Share premium amounting to ₹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 – ½ month
8. Assume cash sales to be 50% of the total sales

20. From the following figures and ratios, Draw up the Balance sheet and Trading account and Profit and Loss Account

Share Capital	₹ 1,80,000
Working Capital	₹ 63,000
Bank overdraft	₹ 10,000

There is no fictitious asset. In current assets there is no assets other than stock, debtor and cash. Closing stock is 20% higher than the opening stock.

Current ratio	- 2.5
Proprietary ratio	- 0.7
Stock velocity	- 4 times
Net profit	- 10%(to average capital employed)
Quick ratio	- 1.5
Gross profit ratio	- 20% to sales
Debtor velocity	- 36.5 days

21. A gang of workers normally consists of 30 men, 15 women and 10 boys and the standard hourly rate prescribed are:

Men – 80 paise, Women – 60 paise, and boys – 40 paise.

In a normal working week of 40 hours, the gang is expected to produce 2,000 units of output.

During the week ending 30th March 2012, the gang consisted of 40 men, 10 women and 5 boys.

Actual wages paid per hour were 70 paise for men, 65 paise for women and 30 paise for boys. Four hours were lost due to abnormal idle time and 1,600 units were produced. Calculate labour cost variances.

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