LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

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

SIXTH SEMESTER – **APRIL 2019**

16UCO6MC01– MANAGEMENT ACCOUNTING

Date: 01-04-2019 Dept. No. Max. : 100 Marks
Time: 09:00-12:00

SECTION A

Answer ALL the questions **10 x 2 = 20**

1. What do you mean by ‘Funds’?
2. What is Zero-base budgeting?
3. What are the modes of expressing Ratios?
4. What is Margin of Safety?
5. Define Standard Costing.
6. Calculate Liquid ratio from the following:

Particulars	Rs.
Cash	18,000
Debtors	1,42,000
Closing stock	1,80,000
Bills payable	27,000
Creditors	50,000
Outstanding expenses	15,000
Tax payable	75,000

7. Profit Required - Rs. 20,000
   Fixed Cost - Rs. 40,000
   P/V ratio - 40%
   Calculate the sales required to earn the desired profit
8. Calculate Material Price Variance
   Standard - 3,740 units at Rs. 12
   Actual - 4,000 units at Rs. 15
9. Find the quantity of raw materials to be purchased.
   Opening Stock of Raw Materials - 6,000 units
   Closing Stock of Raw Materials - 3,500 units
   Material expected to be consumed - 8,300 units
10. Find out Funds from Operation from the details given below:

Particulars	Rs.
Net profit for the year 2011 - 2012	95000
Depreciation charged on Fixed assets	42000
Profit on sale of long term investments	13000
Goodwill written off	20000

Section B

Answer Any FOUR Questions **4 x 10 = 40**

11. Differentiate between Cost and Management Accounting.

12. Explain the various ways in which Budgets can be classified.

13. An Automobile manufacturing company finds that the cost of making Part No.208 in its own workshop is Rs.6. The same part is available in the market at Rs.5.60 with an assurance of continuous supply. The cost data to make the part are:

Material	-	Rs.2
Direct Labour	-	Rs.2.50
Other Variable Costs	-	Rs.0.50
Fixed Cost Allocated	-	Rs.1
Total	**-**	**Rs.6**

a. Should be part be made or brought?
b. Will your answer be different if the market price is Rs.4.60?

Show your calculations clearly.

14. Draw a Flexible Budget for production at 75% and 100% capacity on the basis of the following data for a 50% activity.

	Per unit (Rs.)
Materials	100
Labour	50
Variable Exp(Direct)	10
Administrative Expenses(50% Variable)	40,000
Selling and Distribution Exp(60% Fixed)	50,000
Present Production (50% activity)	1,000 units

15. Prepare Schedule of Changes in Working Capital

Liabilities	2009	2008	Assets	2009	2008
Accounts payable	25,000	20,000	Cash	10,000	20,000
Notes payable	5,000	20,000	Marketable securities	-	10,000
Other current liabilities	15,000	10,000	Inventory	1,00,000	60,000
6% Bonds	30,000	-	Receivables	40,000	30,000
Common stock	50,000	50,000	Fixed asset	1,40,000	100,000
Retained earnings	1,10,000	80,000	less: Depreciation	-55,000	-40,000
Total	2,35,000	1,80,000	Total	2,35,000	1,80,000

16. From the following details given below find out (a) Current Assets; (b) Current Liabilities (c) Liquid Assets and (d) Stock

Current Ratio = 2.5; Liquid Ratio = 1.5; Working Capital = Rs.1,62,000

17. Calculate Labour Cost, Rate and Efficiency Variances from the Standard Cost Card which reveals the followinginformation:

Labour rate	50 paise per hour
Hours set per unit	10 hours
Actual data are given below:	
Units produced	500 units
Hours worked	6,500 hrs
Actual labour cost	Rs.2,400

SECTION – C

Answer Any TWO Questions **2 x 20 = 40**

18. Prepare a Cash Flow Statement as per AS 3 from the following Comparative B/S of Prema& Co. as on 30th June 2007 & 30th June 2008.

Liabilities	30.6.07	30.6.08	Assets	30.6.07	30.6.08
Share Capital	20,000	20,000	Goodwill	2,400	2,400
Reserve Fund	2,800	3,600	Land	8,000	7,200
P/L a/c	3,200	2,600	Building	7,400	7,200
Creditors	1,600	1,080	Investments	2,000	2,200
Outstanding Exp	240	160	Inventory	6,000	4,680
Prov. for Tax	3,200	3,600	A/c Receivable	4,000	4,440
Prov. for bad debts	80	120	Bank	1,320	3,040
	31,120	31,160		31,120	31,160

Additional Information:

1. Depreciation charged on building Rs.1400
2. A piece of land has also been sold for Rs. 800
3. Provision for Tax has been made during the year Rs.3800

19. Prepare a Balance Sheet from the following information:

Gross Profit ratio	20%
Debt Collection Period	2 months
Fixed assets to net worth	0.8
Reserves to capital	0.5
Current ratio	2.5
Liquid ratio	1.5
Net working capital	Rs.3,00,000
Stock turnover ratio (Cost of sales/cl. Stock)	6 times
Fixed Assets Turnover ratio (on Cost of Sales)	2 times

20. A firm expects to have Rs.30,000 on 1st May 2018 and requires you to prepare an estimate of the cash position during the 3 months May to July 2018. The following information is supplied to you.

Month	Sales	Purchases	Wages	FactoryExp	Office Exp	SellingExp
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
March	40,000	24,000	6,000	3,000	4,000	3,000
April	46,000	28,000	6,500	3,500	4,000	3,500
May	50,000	32,000	6,500	4,000	4,000	3,500
June	72,000	36,000	7,000	4,400	4,000	4,000
July	84,000	40,000	7,250	4,250	4,000	4,000

Other information:

1. 25% of the sale is for cash, remaining amount is collected in the month following that of sale.
2. Suppliers supply goods on two months credit
3. Delay in payment of wages and all other expenses: One month
4. Income tax of Rs.10,000 is due to be paid in July.
5. Preference share dividend of 10% on Rs.1,00,000 is to be paid in May.

21. Manila Corp Ltd. has prepared the following budget estimates for the year 2008-09

Sales units	- 15,000 units
Fixed expenses	- Rs. 34,000
Sales Value	- Rs.1,50,000
Variable Costs	- Rs. 6 per unit

You are required to:

i) Find P/V ratio, BEP and margin of safety

ii) Calculate the revised P/V ratio, BEP and margin of safety in each of the following cases:

a) Decrease of 10% in selling priceb) Increase of 10% in variable costs.

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