LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

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

SIXTH SEMESTER – **APRIL 2018**

CO 6609– MANAGEMENT ACCOUNTING

Date: 19-04-2018 Dept. No. Max. : 100 Marks

Time: 09:00-12:00

Section 'A'

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

1. What is Management Accounting?
2. What is Ratio Analysis?
3. What is Current Asset?
4. State the meaning of Breakevenpoint.
5. What is Budgeting?
6. Calculate Gross Profit Ratio from the following figures:

	Rs.
Sales	10,00,000
Sales returns	1,00,000
Opening stock	2,00,000
Purchase	6,00,000
Purchase returns	1,50,000
Closing stock	65,000

7. Proposed dividend during 2003 Rs. 80,000
   Proposed dividend during 2004 Rs. 1,10,000
   Dividend paid in 2004 Rs. 80,000
   Prepare Proposed Dividend ledger account.
8. From the following find profit:

	Rs.
Fixed cost	5,00,000
Variable cost per unit	10
Selling price per unit	15
Output level 1,50,000 units.	

9. From the following particulars
   Calculate Material cost variance

Material purchased	-- 3,000 kgs at Rs. 6 per kg
Standard quantity of material fixed for one unit of finished product	-- 25 kgs at Rs. 4 per kg
Opening stock of material	-- Nil
Closing stock of material	-- 500 kgs
Actual output during the period	-- 80 units.

10. You are required to prepare a production budget for the half year ending June 2000 from the following information:

Product	**Budget sales quantity**	**Actual stock on 31-12-99**	**Desired stock on 30-6-2000**
	Units	Units	Units
S	20,000	4,000	5,000
T	50,000	6,000	10,000

Section 'B'

Answer any FOUR questions: **4 x 10= 40 Marks**

11. You are given the following Balance Sheet. Calculate Current ratio, Liquid ratio, Absolute liquid ratio, Debt equity ratio, Fixed assets ratio and Proprietary ratio.

Liabilities	Rs.	Assets	Rs.
Equity share capital	2,00,000	Goodwill	1,20,000
Reserves	40,000	Fixed assets	2,80,000
P&L A/c	60,000	Stock	80,000
Secured loan	1,60,000	Debtors	40,000
Creditors	1,00,000	Bills Receivable	20,000
Provision for Tax	40,000	Cash	60,000
Total	6,00,000	Total	6,00,000

12. Draw up 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 expenses (direct)	10
Administrative expenses (50% fixed)	40,000
Selling and distribution expenses (60% fixed)	50,000
Present production (50% activity):	1,000 units

13. The sales turnover and profit during two years were as follows:

Year	**Sales Rs.**	**Profit Rs.**
2006	1,40,000	15,000
2007	1,60,000	20,000

Calculate:

(a) P/V Ratio
(b) Break-even point
(c) Sales required to earn a profit of Rs. 40,000
(d) Fixed expenses and
(e) Profit when sales are Rs. 1,20,000.

14. From the following data, calculate all labour variances:
Budgeted labour for computing job X:
8 skilled workers at Rs.10 per hour for 20 hours
12 unskilled workers at Rs.8 per hour for 20 hours
Actual labour for computing job X:
12 skilled workers at Rs.11 per hour for 20 hours
13 unskilled workers at Rs.7 per hour for 20 hours

15. A company manufactures a particular product the standard material cost of which is Rs.10 per unit. The following information is obtained from the cost records:
Standard Mix:

Material	Quantity Units	Rate Rs.	Amount Rs.
A	70	10	700
B	30	5	150
Total	100		850
Less: 15%	15		-

	85		850

Actual results for January 2018:

Material	Quantity Units	Rate Rs.	Amount Rs.
A B	400 200	11 6	4,400 1,200
Total Less: 10%	600 60		5,600 -
	540		5,600

Calculate all Material Variances

16. What are the functions of Management Accounting?
17. What are the advantages and limitations of Ratio Analysis?

Section 'C'

Answer any TWO questions: **2 x 20= 40 Marks**

18. The following are the summarized Balance Sheets of Shekar Ltd., on 31-12-16 and 31-12-17.

Balance Sheets

Liabilities	**2016 Rs.**	**2017 Rs.**	**Assets**	**2016 Rs.**	**2017 Rs.**
Share capital	12,00,000	16,00,000			
Debentures	4,00,000	6,00,000	Plant & Machinery	8,00,000	12,90,000
P & L A/c	2,50,000	5,00,000	(at cost)		
Creditors	2,30,000	1,80,000	Land & Building (at cost)	6,00,000	8,00,000
Provision for:			Stock	6,00,000	7,00,000
Bad & Doubtful debts	12,000	6,000	Bank	40,000	80,000
Depreciation on land and building	40,000	48,000	Preliminary expenses	14,000	12,000
Depreciation on Plant and Machinery	60,000	70,000	Debtors	1,38,000	1,22,000
	21,92,000	30,04,000		21,92,000	30,04,000

Additional Information:

(i) During the year, a part of the machinery, costing Rs. 1,40,000 [accumulated depreciation thereon Rs. 40,000] was sold for Rs. 1,02,000.

(ii) Dividend of Rs. 1,00,000 was paid during the year.

Ascertain:

(1) Changes in working capital for 2017

(2) Funds Flow Statement for 2017

19. The following ratios and other data related to the financial statement of J Co. Ltd for the year ending 31st March 2018:

Working capital ratio (Current ratio)	1.75
Acid test ratio	1.27
Working capital	Rs.33,000
Fixed assets to shareholders equity	0.625

Inventory turnover ratio (based on closing stock)	4 times
Gross Profit Ratio	40%
Earnings per share	Re. 0.50
Debt collection period	73 days
No. of shares issued	20,000
Earnings for the year on share capital	25%

The company has no prepaid expenses, deferred charges, intangible assets or long-term liabilities. You are required to draft the company's profit and loss account and balance sheet.

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

Months	**Total sales Rs.**	**Materials Rs.**	**Wages Rs.**	**Production overhead Rs.**	**Selling & Distribution overhead Rs.**
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

Cash balance on 1st January was Rs.10,000. A new machine is to be installed at Rs. 30,000 on credit, to be repaid by two equal installments in March and April. Sales commission at 5% on total sales is to be paid within the month following actual sales.

Rs. 10,000 being the amount of 2nd call may be received in March. Share premium amounting to Rs. 2,000 is also obtained with 2nd call.

Period of credit allowed by suppliers – 2 months
Period of credit allowed to customers – 1 month
Delay in payment of overheads – 1 month
Delay in payment of wages – ½ month
Assume cash sales to be 50% of the total sales.

21. The following particulars are extracted from the records of a company:

Details	Product A	Product B
Sales (per unit)	Rs.100	Rs.120
Consumption of material	2KG	3KG
Material cost	Rs.10	Rs.15
Direct wages cost	Rs.15	Rs.10
Direct expenses	Rs.5	Rs.6
Machines hours used	3	2
Overhead expenses:		
Fixed	Rs.5	Rs.10
Variable	Rs.15	Rs.20

Direct wages per hour is Rs.5. Comment on the profitability of each product (both use the same raw material) when:

i. Total sales potential in units is limited
ii. Production capacity (in terms of machine hours) is the limiting factor
iii. Material is in short supply
iv. Sales potential in value is limited.

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