LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

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

SIXTH SEMESTER – **APRIL 2019**

CO 6609– MANAGEMENT ACCOUNTING

Date: 03-04-2019 Dept. No. Max. : 100 Marks

Time: 09:00-12:00

SECTION – A

Answer **ALL** the Questions (10 * 2 = 20)

1. Find out Fixed Assets and Gross Profit from the following information:
   Sales Rs.10,00,000
   Gross Profit Ratio 25%
   Fixed Assets Turnover Ratio (on cost of sales) 5 times.

2. Find out the Provision for income tax made during the financial year 2003 – 04:
   Balance of provision for tax on 1-4-2003 Rs.2,65,000
   Balance of provision for tax on 31-3-2004 Rs.2,90,000
   Tax paid during 2003-04 Rs.3,00,000.

3. Variable overheads for production of 10,000 units are Rs.60,000.what will be the variable overheads for production of (a)15,000 units; (b)20,000 units?

4. From the following data calculate:
   (a) P/V ratio; (b) Variable Cost and (c) Profit.
   Sales Rs.80,000 Fixed expenses Rs.15,000 Break Even point Rs.50,000.

5. Calculate Material Cost variances from the following data;

Particulars	Standard	Actual
Quantity	400kgs	460kgs
Price	Rs.2per kg	Rs.1.5per kg
Value	Rs.800	Rs.690

6. What is management accounting?

7. State any two advantages of Ratio analysis?

8. State any two uses of funds flow statement?

9. What is budgeting?

10. What is standard cost?

SECTION – B

Answer any **FOUR** questions (4 * 10 = 40)

11. You are given the following information:

Cash Rs.18,000 Debtors Rs.1,42,000 Closing Stock Rs.1,80,000

Bills payable Rs.27,000 Creditors Rs.50,000 Outstanding expenses Rs.15,000

Tax payable Rs.75,000

Calculate (a) Current Ratio (b) Liquidity Ratio (c) Absolute Liquidity Ratio.

12. Calculate Funds From Operations from the following Profit and Loss a/c.

Particulars	Rs.	Particulars	Rs.
To Expenses paid	3,00,000	By Gross profit	4,50,000
To Depreciation	70,000	By Gain on sale of land	60,000
To Loss on sale of machine	4,000		
To Discount	200		
To Goodwill (Written Off)	20,000		
To Net Profit	1,15,800		
	5,10,000		5,10,000

13. Draw up a flexible budget for production at 75% and 100% capacity on the basis of the following data for a 50% activity.

Materials per unit Rs.100

Labour per unit Rs.50

Variable expenses (direct) per unit Rs.10

Administrative expenses (50% fixed) Rs.40,000

Selling and distribution expenses (60% fixed) Rs.50,000

Present production (50% activity) : 1,000 units.

14. A.G.Ltd. furnished you the following related to the year 1996.

	First half of the year Rs.	Second half of the year Rs.
Sales	45,000	50,000
Total cost	40,000	43,000

Assuming that there is no change in prices and variable cost and that the fixed expenses are incurred equally in the 2 half year periods, calculate for the year 1996:

(a) The profit volume ratio

(b) Fixed expenses

(c) Break even sales and

(d) % of Margin of safety.

15. (a) From the following, calculate material price variance, assuming standard price per kg of Rs.8.

Opening stock of material: 50kg at Rs.10 per kg

Material purchased 850 kg at Rs.10 per kg

Closing stock of material 100kg.

(b) The following standards are given

Material A : 20kgs at Rs.20 per kg

Material B : 30kgs at Rs.10 per kg

The actual results were:

Materials A : 25kgs at Rs.18 per kg

Materials B : 28kgs at Rs.11 per kg.

Calculate (1) Materials Mix Variance

(2) Material Sub-Usage Variance

(3) Material Usage Variance.

16. What are the limitations of management accounting?

17. What are the differences between Fund Flow statement and Balance Sheet?

SECTION – C

Answer any TWO questions **(2 * 20 = 40)**

18. Following are the Ratios relating to the trading activities of Neela Traders Ltd.,Madras.

Receivables turnover = 90days (360 days year)
Inventory turnover = 3 times
Payables turnover = 3 months
Gross Profit Ratio = 25%

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

(a) Sales (b) Debtors (c) Closing Inventory (d) Sundry Creditors.

19. The following is the Comparative Balance sheets of Pratima & Co.Ltd.as on 30th June 1987 and 30th June 1988.

Liabilities	30-6-1987 (Rs.)	30-6-1988 (Rs.)	Assets	30-6-1987 (Rs.)	30-6-1988 (Rs.)
Share capital	1,80,000	2,00,000	Goodwill	24,000	20,000
Reserve fund	28,000	36,000	Buildings	80,000	72,000
P & L a/c	39,000	24,000	Machinery	74,000	72,000
Trade Creditors	16,000	10,800	Investments	20,000	22,000
Bank Overdraft	12,400	2,600	Inventories	60,000	50,800
Provision for taxation	32,000	34,000	Debtors	40,000	44,400
Provision for doubtful debts	3,800	4,200	Cash	13,200	30,400
	3,11,200	3,11,600		3,11,200	3,11,600

Additional Information:

(i) Depreciation charged on Machinery Rs.10,000 and on Buildings Rs.8000.
(ii) Investments sold during the year Rs.3000.
(iii) Rs.15,000 Interim dividend paid during January 1988.
(iv) Taxes paid during the year Rs.30,000.

Prepare (a) A Statement of changes in working capital.

(b) A Fund Flow Statement.

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

Year	Sales (Rs.)	Profit (Rs.)
2007	1,40,000	15,000
2008	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.

21. 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 instalments 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.2000 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.

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