



**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**

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

**SIXTH SEMESTER – NOVEMBER 2022**

**UCO 6501 – MANAGEMENT ACCOUNTING**

Date: 29-11-2022

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. Define Marginal cost.
3. What is a Master Budget?
4. What do you understand by Cash Flow Statement
5. What is meant by the apportionment of overheads?
6. Find out the semi-variable cost for 40,000 units. Semi-variable cost for 30,000 units: ₹ 15,000, which is 40% fixed and 60% variable.
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. Find out fixed assets and gross profit from the following information:  
Sales ₹ 10,00,000;     Gross profit ratio – 25%  
Fixed assets turnover ratio (on the cost of sales) 5 times
10. Write a short note on Stock Turnover ratio.

**SECTION – B**

**ANSWER ANY FOUR QUESTIONS ONLY**

**4 X 10 = 40 MARKS**

11. “Marginal costing is a valuable aid for managerial decisions” – Discuss.
12. Distinguish between standard costing and budgetary control
13. From the following information, calculate
  - a) Break Even Point
  - b) The Number of Units that must be sold to earn a profit of ₹ 60000 per year.
  - c) Some units must be sold to earn a net income of 10% on sales.Sales Price                     ₹ 20 per unit  
Variable cost                   ₹ 14 per unit  
Fixed Cost                       ₹ 79,200
14. What are the advantages and limitations of variance analysis?
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. Ms Nisha & Co supplies the following information for the year ending 31st December 2007.

Credit Sales	₹ 1,50,000
Cash Sales	₹ 2,50,000
Returns Inwards	₹ 25,000
Opening Stock	₹ 25,000
Closing Stock	₹ 35,000

Calculate

- a) Inventory turnover when the Gross Profit Ratio is 20%.
- b) Stock Velocity

17. Prepare production budget

Product	Budgeted sales quantity Units	The actual stock of 31.12.99 Units	Desired stock on 30.6.2000
<b>S</b>	20000	4000	5000
<b>T</b>	50000	6000	10000

### SECTION C

Answer any TWO questions

(2 x 20=40 MARKS)

18. Prepare a Cash flow statement (AS3) from the following Balance Sheets of PRR as of 31<sup>st</sup> March 2006 and 2007

	2004 ₹	2005 ₹		2004 ₹	2005 ₹
Share Capital	4,00,000	6,00,000	Building	5,70,000	5,00,000
Share premium	1,00,000	1,10,000	Plant & Machinery	3,60,000	3,51,000
General Reserve	3,00,000	3,30,000	Furniture	90,000	81,000
Debentures	3,00,000	2,90,000	Cash in Hand	5,000	8,000
Provision for Taxation	40,000	35,000	Debtors	1,80,000	1,60,000
Secured Loans	2,00,000	1,00,000	Stock	1,55,000	1,45,000
			Bills Receivable	4,000	40,000
Current Liabilities	24,000	30,000	Long term Investments		2,10,000
	13,64,000	14,95,000		13,64,000	14,95,000

Adjustments:

- a) During the year 2005, the Company paid a 12% Dividend on Equity Share Capital of ₹ 4,00,000
- b) The shares of ₹ 100 each fully paid
- c) Tax paid ₹ 30,000
- d) A building worth ₹ 70,000 was sold for ₹ 60,000, and new construction for the year 25,000.
- e) Machinery purchased for cash ₹ 40,000
- f) Machinery having a book value of ₹ 10,000 was sold for ₹ 20,000.

19. A newly started Pushpak Company wishes to prepare a cash budget from January. Prepare a cash budget for the six 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

- Cash balance on 1<sup>st</sup> January was `10,000. A new machine will be installed at `30,000 on credit, repaid in two equal instalments in March and April.
- Sales commission at 5% on total sales is to be paid within the month following actual sales.
- `10,000 is the 2<sup>nd</sup> call that may be received in March. A share premium amounting to `2,000 is also obtained with 2<sup>nd</sup> 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

20. 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.

(i) Standard Mix

Material	Quantity Units	Rate `	Amount `
A	70	10	700
B	30	5	150
	-----		-----
	100		850
Loss 15%	15		--
	-----		-----
	85		850
	-----		-----

(ii) Actual results for January 2007:

Material	Quantity Units	Rate `	Amount `
A	400	11	4,400
B	200	6	1,200
	-----		-----
	600		5,600
Loss 10%	60		---
	-----		-----
	540		5,600
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Calculate: (1) Material price variance (2) Material mix variance (3) Material usage variance (4) Material yield variance (5) Material cost variance

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

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

In an average 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, ten women and five 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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