

LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



M.Com. DEGREE EXAMINATION – COMMERCE

THIRD SEMESTER – APRIL 2023

CO 3801 – MANAGEMENT ACCOUNTING

Date: 03-05-2023

Dept. No.

Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

PART A

ANSWER ALL THE QUESTIONS

(10X2=20)

1.	Define Ratio Analysis														
2.	Opening stock Rs.30,000 Closing stock Rs.40,000 Sales Rs. 4,00,000 GP ratio 25% Calculate Stock turnover ratio.														
3.	How do you define material Cost variance?														
4.	Write a short note on PV Ratio.														
5.	Write a short note on Funds from Operation.														
6.	Compute the Net cash flow from financing activities from the following information: Particulars (Rs.) <table style="margin-left: 20px; width: 80%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Issue of debentures for cash</td> <td style="text-align: right;">20,00,000</td> </tr> <tr> <td style="padding-left: 20px;">Long term Loan from bank</td> <td style="text-align: right;">5,00,000</td> </tr> <tr> <td style="padding-left: 20px;">Redemption of Preference shares</td> <td style="text-align: right;">6,00,000</td> </tr> <tr> <td style="padding-left: 20px;">Purchase of Land</td> <td style="text-align: right;">9,00,000</td> </tr> </table>	Issue of debentures for cash	20,00,000	Long term Loan from bank	5,00,000	Redemption of Preference shares	6,00,000	Purchase of Land	9,00,000						
Issue of debentures for cash	20,00,000														
Long term Loan from bank	5,00,000														
Redemption of Preference shares	6,00,000														
Purchase of Land	9,00,000														
7.	What is Labour cost variance?														
8.	What is the formula to calculate LMV & TDLEV?														
9.	What is the formula to calculate Debtors Turnover Ratio and stock Velocity?														
10.	Compute the Debtors Turnover Ratio from the following: (Rs.) <table style="margin-left: 20px; width: 80%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Gross Sales</td> <td style="text-align: right;">1,42,000</td> </tr> <tr> <td style="padding-left: 20px;">Cash Sales</td> <td style="text-align: right;">28,000</td> </tr> <tr> <td style="padding-left: 20px;">Sales Returns</td> <td style="text-align: right;">14,000</td> </tr> <tr> <td style="padding-left: 20px;">Opening Debtors</td> <td style="text-align: right;">15,000</td> </tr> <tr> <td style="padding-left: 20px;">Opening Bills Receivable</td> <td style="text-align: right;">5,000</td> </tr> <tr> <td style="padding-left: 20px;">Closing Debtors</td> <td style="text-align: right;">26,000</td> </tr> <tr> <td style="padding-left: 20px;">Closing Bills Receivable</td> <td style="text-align: right;">4,000</td> </tr> </table>	Gross Sales	1,42,000	Cash Sales	28,000	Sales Returns	14,000	Opening Debtors	15,000	Opening Bills Receivable	5,000	Closing Debtors	26,000	Closing Bills Receivable	4,000
Gross Sales	1,42,000														
Cash Sales	28,000														
Sales Returns	14,000														
Opening Debtors	15,000														
Opening Bills Receivable	5,000														
Closing Debtors	26,000														
Closing Bills Receivable	4,000														

PART B

ANSWER ANY FOUR QUESTIONS

(4X10=40)

11.	Explain the concept of Marginal Costing. What are the advantages and limitations of Marginal Costing?														
12.	The expenses budgeted for production of 1,000 units in a factory are furnished below: Particulars <table style="margin-left: 20px; width: 80%; border-collapse: collapse;"> <tr> <td></td> <td style="text-align: center;">Per Unit (₹)</td> </tr> <tr> <td>Material Cost</td> <td style="text-align: right;">700</td> </tr> <tr> <td>Labour Cost</td> <td style="text-align: right;">250</td> </tr> <tr> <td>Variable overheads</td> <td style="text-align: right;">200</td> </tr> <tr> <td>Selling expenses (20% fixed)</td> <td style="text-align: right;">130</td> </tr> <tr> <td>Administrative expenses (₹ 2,00,000)</td> <td style="text-align: right;">200</td> </tr> <tr> <td style="text-align: right;">Total Cost</td> <td style="text-align: right;">1,480</td> </tr> </table>		Per Unit (₹)	Material Cost	700	Labour Cost	250	Variable overheads	200	Selling expenses (20% fixed)	130	Administrative expenses (₹ 2,00,000)	200	Total Cost	1,480
	Per Unit (₹)														
Material Cost	700														
Labour Cost	250														
Variable overheads	200														
Selling expenses (20% fixed)	130														
Administrative expenses (₹ 2,00,000)	200														
Total Cost	1,480														

Prepare a budget for production of 600 units and 800 units assuming administrative expenses are rigid for all level of production.

13. A manufacturer has planned his level of production at 50% of his plant capacity of 30,000 units. At 50% of the capacity, his expenses are as follows:

Direct labour	₹ 11160
Direct materials	₹ 8280
Variable and other manufacturing expenses	₹ 3960
Total fixed expenses regardless of production	₹ 6000

The home selling price is ₹ 2 per unit. Now the manufacturer receives a trade enquiry from overseas for 6000 units at a price of ₹ 1.45 per unit. If you were the manufacturer, would you accept or reject the offer? Support your statement with suitable cost and profit details.

14. From the following information calculate MCV, MUV, MPV,

Material	Standard		Actual	
	Quantity unit	Price ₹	Quantity unit	Price ₹
A	500	6	400	6
B	400	3.75	500	3.60
C	<u>300</u>	3	<u>400</u>	2.80
	<u>1200</u>		<u>1300</u>	
Normal loss 10%	<u>120</u>	Actual loss	<u>220</u>	
	1080		1080	

15. Explain the advantages and limitations of Budget.

16. Differentiate between fund flow and cash flow statement.

17. From the data, calculate

Gross Profit ratio

Net Profit Ratio

Return on total Assets

Inventory turnover ratio

Sales	25,20,000
Cost of Sales	19,20,000
Net profit	3,60,000
Inventory	8,00,000
Other Current assets	7,60,000
Fixed assets	14,40,000
Net worth	15,00,000
Debt	9,00,000
Current liability	6,00,000

PART C

ANSWER ANY TWO QUESTIONS

(2X20=40)

18. A firm expects to have ₹ 3000 on 1st May 1989 and requires you to prepare an estimate of the cash position during the 3 months May to July 1989. The following information is supplied to you.

Month	Sales ₹	Purchases ₹	Wages ₹	Factory expenses ₹	Office expenses ₹	Selling expenses ₹
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:

- 25% of the sales is for cash, remaining amount is collected in the month following that of sales
- Suppliers supply goods at two months' credit
- Delay in payment of wages and all expenses: one month
- Income tax of ₹10,000 is due to be paid in July
- Preference share dividend of 10% on ₹1,00,000 is to be paid in May

19. The information regarding the composition and hourly rate of labour force engaged on the job scheduled to be completed in 40 hours are as follows:

	Standard		Actual	
	No. of workers	Hourly wage rate per worker	No. of workers	Hourly wage rate per worker
Men	75	6	70	7
Women	45	4	30	5
Boy	60	3	80	2

The work was completed in 45 hours. Calculate all labour variances

20. Explain the difference between management accounting, cost accounting and financial accounting.

21. Draw up the Balance Sheet as at 31st March 2018 of Zoom Ltd with appropriate figures:

Current ratio	2.5
Liquidity ratio	1.5
Net Working Capital	Rs. 300,000
Stock Turnover Ratio	6 times
Ratio of Gross Profit on Sales	20%
Turnover to Fixed assets (net)	2 times
Average debt collection period	2 months
Fixed Assets to net worth	0.8
Reserve and Surplus to Capital	0.5

#####