LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

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

SIXTH SEMESTER – **JULY 2024**

UCO 6501 – MANAGEMENT ACCOUNTING

Date: 13-06-2024   Dept. No. [ ]   Max. : 100 Marks
Time: 10:00 AM - 01:00 PM

	SECTION A – K1 (CO1)
	Answer ALL the questions (10 x 1 = 10)
1	**Answer the following**
a)	Define Management Accounting.
b)	State any two objectives of budgetary control.
c)	What is Ratio Analysis?
d)	Define Marginal Costing.
e)	Mention the meaning of Standard Costing.
2	**Fill in the blanks**
a)	**The purpose of management accounting is to help ------------ make decisions.**
b)	Budgetary control is a system of controlling ----------.
c)	**Accounting Ratios provide a __________ measure of a company's performance and condition.**
d)	Marginal costing is the most useful technique for the -----------
e)	**Variance is the difference between standard cost and ------------ cost.**
	SECTION A – K2 (CO1)
	Answer ALL the questions (10 x 1 = 10)
3	**Match the following**
a)	Management accounts is suitable - (e) Cost control Technique
b)	Budgeting - (b) Profitability Ratio.
c)	Earnings per share (EPS) - (c) Decision Making.
d)	Marginal cost - (d) a Technique
e)	Standard Costing - (a) Large Industrial and Trading Concern.
4	**True or False**
a)	Marginal costing is based on the principles of 'Variability of costs'
b)	Budgets are prepared without any specific period as base.
c)	Ratios are computed for the purpose of statutory requirements.
d)	Management accounts are to be audited regularly.
e)	A Standard cost is a 'Pre-determined cost'
	SECTION B – K3 (CO2)
	Answer any TWO of the following (2 x 10 = 20)
5	From the following P & L Account, you are required to compute cash from operations.

Profit and Loss Account For the year ending 31-12-2017

Particulars	Rs.	Particulars	Rs.
To Salaries	5,000	By Gross profit	25,000
To Rent	1,000	By Profit on Sale of Land	5,000
To Depreciation	2,000	By Income Tax Refund	3,000
To Loss on Sale of Plant	1,000		
To Goodwill Written Off	4,000		
To Proposed Dividend	5,000		

To Provision for Taxation	5,000		
To Net Profit	10,000		
	33,000		**33,000**

6 Retail Traders Ltd., Manufactures two products R and S and sells them in two markets East and West. Normal sales estimates prepared by the marketing department for the year 2007 based on the reports of regional managers are as follows:

Product R: East 12,000 units; West 20,000 units

Product S: East 8,000 units; West 6,000 units

Selling price: R. Rs.100 per unit; S: Rs.200 per unit.

A special incentive system is proposed by the director of marketing for the salesmen in east zone which is expected to push up the estimated sales of R and S by 20% in that zone. The advertising department has finalized an intensive campaign in west zone which is estimated to get additional sales of 2,000 units and 1500 units of products R and S respectively in the west zone.

You are required to prepare a sales budget for the year 2007, incorporating the above details.

7 Calculate labour variances from the following data:

A factory worked for 6,000 labour hours during a week. 200hours were wasted due to power failure. The Sunday works done by the workers were equal to 6,400 standard hours. The standard rate per hour was Rs. 15. The actual wage rate was Rs.20 per hour.

8 Prepare a flexible budget for overheads on the basis of the following data. Ascertain overhead rates at 50%, 60% and 70% capacity.

	At 60% capacity
Variable overheads :	Rs.
Indirect material	6,000
Indirect labour	18,000
Semi-variable overheads:	
Electricity (40%fixed 60%variable)	30,000
Repairs (80%fixed 20%variable)	3,000
Fixed overheads:	
Deprecation	16,500
Insurance	4,500
Salaries	15,000
Total overheads	**93,000**
Estimated direct labour hours	**1,80,000**

SECTION C – K4 (CO3)

Answer any TWO of the following **(2 x 10 = 20)**

9 Following are the summarized Balance Sheets of A & Co. Ltd., as on 31st December 1999 and 2000.

Liabilities	1999 Rs.	2000 Rs.	Assets	1999 Rs.	2000 Rs.
Share capital	1,00,000	1,50,000	Land & Buildings	1,00,000	90,000
General Reserve	50,000	60,000	Plant & Machinery	1,00,000	1,19,000
Profit & Loss A/c	30,500	30,000	Stock	50,000	24,000
Bank Loan	70,000	-	Debtors	75,000	63,000
Sundry creditors	50,000	37,200	Cash	500	1,200
Provision for tax	32,000	35,000	Bank	2,000	15,000
			Goodwill	5,000	-
	3,32,500	3,12,200		3,32,500	3,12,200

Additional information

a) Dividend of Rs.23,000 was paid during 2000.

b) Depreciation written off on building Rs.10,000 and Machinery Rs.14,000.

c) Income tax paid during the year ended 31st December 2000 Rs.28,000.

Prepare a Cash Flow statement (AS-3) for 2000.

10	**XYZ** .Company Ltd., wishes to arrange O.D. facilities with its bankers during the period April – June, when it will be manufacturing mostly for stock. (i) Prepare cash budget for the above period from the following data

Months	**Sales Rs.**	**Purchases Rs.**	**Wages Rs.**
February	1,80,000	1,24,800	12,000
March	1,92,000	1,44,000	14,000
April	1,08,000	2,43,000	11,000
May	1,74,000	2,46,000	10,000
June	1,26,000	2,68,000	15,000

(ii) 50% of credit sales is realized in the month following the sale and the other 50% in the second month following.

(iii) Creditors are paid in the month following the month of purchase.

(iv) Wages are paid at the end of the respective month.

(v) Cash at bank – 1st April – Rs.25,000.

11 Following is the Profit and Loss A/C of a company for the year ending 31-12-2019.

Particulars	Rs.	Particulars	Rs.
To Opening Stock	1,00,000	B By Sales	5,60,000
To Purchases	3,50,000	B By Closing Stock	1,00,000
To Wages	9,000		
To To Gross Profit c/d	2,01,000		
	6,60,000		6,60,000
To To Administrative expenses	20,000	By Gross profit b/d	2,01000
To To Selling and Distribution Expenses	89,000	By Internet on investments (outside business)	10,000
To To Non-operating expenses	30,000		
To To Net profit	80,000	By Profit on sale of investments	8,000
	2,19,000		2,19,000

Calculate:

(a) Gross profit ratio (c) Operating ratio

(b) Net profit ratio (d) Operating profit ratio

12 Margin of safety is 20%.

P.V. Ratio is 60%

Fixed cost = Rs.30,000

Find out:

(a) BEP Sales

(b) Actual sales for the year

(c) variable cost for the year

(d) Profit for the year

SECTION D – K5 (CO4)

Answer any ONE of the following **(1 x 20 = 20)**

13 From the following information of product No.777, Calculate;

(a) Material cost Variance

(b) Material price Variance

(c) Material usage Variance

(d) Material mix Variance

(e) Material sub usage Variance.

Material	Standard Qty.(Kgs.)	Standard Price (Rs.)	Actual Qty.(Kgs.)	Actual Price.(Rs.)
X	20	5.00	24	4.00
Y	16	4.00	14	4.50
Z	12	3.00	10	3.25
	48		48	

14 From the following information make out a statement of proprietors funds with as many details as possible :

(a) Current ratio 2.5
(b) Liquidity ratio 1.5
(c) Proprietary ratio (fixed assets/proprietary fund) 0.75
(d) Working capital Rs. 60000
(e) Reserves and surplus Rs. 40,000
(f) Bank overdraft Rs. 10,000
(g) There is no long-term loan or fictitious asset.

SECTION E– K6 (CO5)

Answer any ONE of the following **(1 x 20 = 20)**

15 The summarized Balance Sheet of A.K.Kadhar Ltd, as on 31.12.91 and 31.12.92 are as follows:

Liabilities	1991 (₹)	1992 (₹)	Assets	1991 (₹)	1992 (₹)
Share Capital	4,50,000	4,50,000	Fixed Assets	4,00,000	3,20,000
General Reserve	3,00,000	3,10,000	Investments	50,000	60,000
P & L A/c	56,000	68,000	Stock	2,40,000	2,10,000
Tax Provision	75,000	10,000	Debtors	2,10,000	4,55,000
Mortgage Loan	NIL	2,70,000	Bank	1,49,000	1,97,000
Creditors	1,68,000	1,34,000			
	10,49,000	12,42,000		10,49,000	12,42,000

Additional Details:

1). Investment costing Rs.8,000 were sold for Rs.8,500,
2). Tax provision made during the year was Rs.9,000.
3). During the year part of the fixed assets costing Rs.10,000 was sold for Rs.12,000 and the profit was included in P&L a/c. You are require cash flow statement for 1992(As per AS3).

16 The sales and profit during two year 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
a) Break-even point
b) Sales required to earn a profit of Rs. 40,000
c) Fixed expenses and
d) Profit when sales are Rs,1,20,000

###########