



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – CORPORATE SECRETARYSHIP

SIXTH SEMESTER – APRIL 2022

UBC 6502 – MANAGEMENT ACCOUNTING

Date: 17-06-2022

Dept. No.

Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

PART – A

Answer ALL questions:

(10 x 2 = 20 marks)

1. List out the objectives of Management accounting.
2. State the limitations of Financial Statement Analysis.
3. Opening stock Rs. 29,000. Closing stock Rs.31,000: Purchases Rs. 2,42,000
Calculate stock turnover ratio.
4. From the following details, calculate the operating ratio and operating profit Ratio:

	Rs.
Cost of goods sold	1,80,000
Operating expenses	30,000
Net sales	3,00,000

5. From the following information, find out P/V ratio and Margin of Safety

Sales	Rs. 10,00,000
Variable cost	Rs. 4,00,000
Fixed cost	Rs. 4,00,000

6. State the advantages of Marginal costing.
7. Calculate funds from operation from the following Profit and Loss Account.

Dr.	Rs.	Cr.	Rs.
To Expense Paid	1,00,000	By Gross profit	2,00,000
To Depreciation	40,000	By Gain on sale of machinery	20,000
To Loss on Sale of Building	15,500		
To Discount	500		
To Goodwill	12,000		
To Net profit	52,000		
	2,20,000		2,20,000

8. Write a note on working capital.
9. Ascertain cash paid in June 2021:
Purchases:
April Rs. 60,000
May Rs. 75,000
June Rs. 50,000
Credit terms: purchase are 50% on cash basis and the balance payable after a lag of two months.
10. Mention the steps involved in preparing the flexible budget.

PART - B

Answer any **FOUR** questions:

(4 x 10 =40 marks)

11. Bring out the tools and techniques of Financial Statement analysis.
12. Examine the objectives of Management accounting.
13. Describe the uses and limitations of Funds Flow Statement.
14. Following is the Profit and Loss Account of a Company for the ending 31.12.2020.

Particulars	Rs.	Particulars	Rs.
To Opening stock	1,00,000	By Sales	5,60,000
To Purchases	3,50,000	By Closing stock	1,00,000
To Wages	9,000		
To Gross profit	2,01,000		
	6,60,000		6,60,000
To Administration expenses	20,000	By Gross profit b/d	2,01,000
To Selling expenses	89,000	By Interest on Investment	10,000
To Non-operating expenses	30,000	By Profit on sale of investment	8,000
To Net profit	80,000		
	2,19,000		2,19,000

Calculate:

- i. Gross profit ratio
 - ii. Net profit ratio
 - iii. Operating ratio
 - iv. Operating profit ratio
15. Assuming that the cost structure and selling prices remain the same in period I and II, find out
- a) Profit volume ratio
 - b) Fixed cost
 - c) Break even point for sales
 - d) Profit when sales are Rs. 1,00,000
 - e) Sales required to earn a profit of Rs. 20,000

Period	Sales Rs.	Profit Rs.
I	1,20,000	9,000
II	1,40,000	13,000

16. Prepare a production budget from the following information:

Product	Estimated stock on 1.1.2017 (units)	Estimated sales during January to March 2017 (units)	Desired closing stock on 31.3.2017 (units)
A	2,000	10,000	3,000
B	3,000	15,000	5,000
C	4,000	13,000	3,000
D	3,000	12,000	2,000

17. A firm expects to have Rs. 30,000 on 1st May and requires you to prepare an estimate of the cash position during the 3 months May to July 2016. The following information is supplied to you.

Month	Sales Rs.	Purchases Rs	Wages Rs	Factory expenses Rs	Office expenses Rs	Selling expenses Rs
March	40,000	24,000	5,000	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:

- i. 25% of the sale is for cash, remaining amount is collected in the month following that of sale.
- ii. Suppliers supply goods on two months credit.
- iii. Delay in payment of wages and all other expenses: one month.
- iv. Income tax of Rs. 10,000 is due to be paid in July.
- v. Preference share dividend of 10% on Rs. 1,00,000 is to be paid in May.

PART – C

Answer any TWO questions:

(2 X 20 = 40 marks)

18. Elaborate the functions and role of Management accounting in decision making.
19. From the following information, prepare a Balance Sheet. Give the working also.

a) Working capital	Rs. 75,000
b) Reserves and surplus	Rs. 1,00,000
c) Bank overdraft	Rs. 60,000
d) Current ratio	1.75
e) Liquid ratio	1.15
f) Fixed assets to proprietor's funds	0.75
g) Long term liabilities	Nil

20. 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 Rs.
Variable overheads;	
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;	
Depreciation	16,500
Insurance	4,500
Salaries	15,000
Total overheads	93,000
Estimated direct labour hours	1,86,000

21. A company manufactures 3 products A, B and C. There are no common processes and the sale of one product does not affect prices or sales of any other:

The budget estimate of 2020 is given below:

	Total Rs.	A Rs.	B Rs.	C Rs.
Sales	12,00,000	1,80,000	9,00,000	1,20,000
Production Cost:				
Variable cost	7,20,000	96,000	5,76,000	48,000
Fixed cost	2,40,000	12,000	1,92,000	36,000
Factory cost:	9,60,000	1,08,000	7,68,000	84,000
Selling cost				
Variable cost	96,000	32,400	32,400	31,200
Fixed cost	24,000	8,400	7,200	8,400
Total cost	10,80,000	1,48,800	8,07,600	1,23,600
Profit	1,20,000	31,200	92,400	- 3600

On the basis of above the Board had almost decided to eliminate product C, on which a loss was budgeted. Mean-while they have sought your opinion. As the Company's Cost Accountant, What would you advice?
