LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – COMMERCE

SIXTH SEMESTER – APRIL 2010

CO 6605 - MANAGEMENT ACCOUNTING

Date & Time: 17/04/2010 / 9:00 - 12:00 Dept. No. Max. : 100 Marks

SECTION – A

Answer ALL questions (2x10=20marks)

1. What is the meaning of funds?

2. What is Share holder's funds'?

3. What is ' Zero Base Budgeting'?

4. State a few important features of PV Ratio.

5. What is 'Idle Time Variance'?

6. Calculate Current Ratio from the following information:8

Stock -60,000, Sundry Creditors – 20,000, Sundry Debtors – 70,000, Cash -20,000, Bills Payable -15,000,Tax Payable -18,000, Bills Receivable-30,000, Prepaid Expenses -10,000, Outstanding Expenses -7,000, Bank Overdraft – 25,000, Debentures – 75,000, Land & Buildings -1,00,000, Goodwill – 50,000.

7. From the following information find out the amount of profit earned during the year using marginal costing technique:

Fixed Cost	**Rs. 2,50,000**
Variable Cost	**Rs. 10 per Unit**
Selling Price	**Rs. 15 per unit**
Output	**75,000 units**

8. From the following particulars find out the Break-even Point:

Variable Cost per Unit	**Rs. 15**
Fixed Expenses	**Rs. 54,000**
Selling Price Per unit	**Rs. 20**

What should be the selling price per unit, if the break-even point should be brought down to 6,000 units?

9.

Standard Output	**800 units**
Actual Output	**500 units**
Standard Quantity per unit	**1kg**
Total Actual Quantity used	**700kg**
Standard Rate per unit	**Rs. 14 per kg**
Actual Rate per unit	**Rs. 15 per Kg**

Calculate Direct Material Cost Variance.

10.

Standard Output	**100 units**
Standard Time per Unit	**2hrs**
Standard Rate per hour	**Rs. 6**
Actual output	**85units**
Total actual time taken	**140 hrs**
Actual Rate per hr	**Rs. 6.50**

Calculate Direct Labor Cost Variance.

(P.T.O)

SECTION B

Answer any FIVE questions. (5x8=40marks)

11. What are the steps involved in the installation of a Management Accounting System?

12. What are the main Characteristics of Marginal Costing?

13. Bring out the important points of differences between Fixed Budget and Flexible Budget.

14. From the following extracts of the Balance Sheet and additional information ,you are required to specify how these transactions will affect the Statement Showing sources and uses of funds.

	2008	2009
Equity Share Capital	Rs .5,00,000	Rs. 6,00,000
8% Redeemable Preference Share Capital	Rs. 2,00,000	Rs. 1,50,000

Additional Information:

a) Equity Shares are issued during the year for the purchase of Machinery Rs 60,000.
b) 8% preference Shares with Rs 80,000 were redeemed during the year.

15.From the following Profit and Loss A/c for the year ended 2009,you are required to prepare Funds From operations.

Profit and Loss A/C for the year ended 2009.

To Rent Paid	Rs 3,00,000	By Gross Profit	Rs 16,00,000
To Salaries paid	2,00,000	By Profit on sale Of office car	4,000
To Provisions for depreciation	75,000	By Dividend received	3,000
To Commission Paid	5,000	By Refund of Tax	7,000
To General Reserve	8,000		
To Loss on Sale of Investments	3,000		
To Cost on issue of shares Written off	2,000		
To Provision for Legal damages	3,000		
To Provision for Taxation	1,75,000		
To Net Profit C/d	` 8,43,000		
	16,14,000		16,14,000

16.From the following information:

Credit Sales	Rs 1,50,000
Cash Sales	Rs 2, 50,000
Return Inwards	Rs 25,000
Opening Stock	Rs 25,000
Closing Stock	Rs 35,000

You are required to calculate

a) Inventory turnover when Gross Profit is 20%
b) Inventory Conversion Period.

17.A Factory manufacturing wrist watches has the capacity to produce 500 wrist watches per annum.
The variable cost of each wrist watch is Rs 200.
Each wrist watch is sold for Rs 250.
Fixed Overheads are Rs 12,000 per annum
Calculate Break-even Point in Units and its Sales Value.

What profit will result if the output is 90% of the Capacity.

18. The expenses for the production of 5,000 units in a factory is given below:

PARTICULARS	PER UNIT (Rs)
Materials	50
Labor	20
Variable Overheads	15
Fixed Overheads (Rs 50,000)	10
Administrative Expenses (5% variable)	10
Selling Expenses(20% Fixed)	6
Distribution Expenses (10% Fixed)	5

Total cost of Sales per Unit	Rs 116

You are required to prepare a budget for the production of 7,000 units.

SECTION C

Answer any TWO questions. (2x20=40marks)

19. Prepare Funds Flow Statement from the following Balance Sheets.

LIABILITIES	2007	2008	ASSETS	2007	2008
Equity Share Capital	Rs 3,00,000	Rs 4,00,000	Good Will	Rs. 60,000	Rs. 55,000
Redeemable			Land &Buildings	1,25,000	85,000
Preference Share			Plant &Machinery	1,20,000	2,25,000
Capital	80,000	50,000	Furniture &Fixture	15,000	12,000
Capital Reserve	-	20,000	Trade Investments	12,000	48,000
General Reserve	30,000	40,000	Preliminary Expenses	15,000	10,000
Profit &Loss a/c	26,000	35,000	Current Assets:		
Proposed Dividend	30,000	42,000	Sundry Debtors	65,000	1,05,000
Provision for Taxation	32,000	36,000	Stock	90,000	84,000
Current Liabilities:			Bills Receivable	16,000	30,000
Sundry Creditors	30,000	58,000	Cash in Hand	13,000	20,000
Bills Payable	12,000	8,000	Cash at Bank	15,000	20,000
Outstanding Expenses	6,000	5,000			
	Rs. 5,46,000	Rs. 6,94,000		Rs. 5.46,000	Rs 6,94,000

Additional Information:

a) A piece of Land was sold in the year 2008, the balance has been revalued, profit on sale and revaluation has been transferred to Capital reserve a/c.
b) Depreciation on Plant and machinery Rs 24,000.
c) No depreciation was charged on Land and Buildings.
d) A machinery was sold for Rs 16,000 (written down value being Rs 20,000)
e) No furniture was sold during the year.
f) Interim dividend paid in 2008 –Rs 20,000.

g) Rs 3,000 was received as dividend on Trade Investments.

20 .From the following information you are required to prepare a Balance Sheet with as many details as possible.

a) Gross Profit Turnover Ratio	25%
b) Debtors Velocity	3 Months
c) Creditors Velocity	2 Months
d) Stock Velocity	8 Times
e) Capital Turnover Ratio	2.5 Times
f) Fixed Asset Turnover Ratio	8Times
Gross Profit for the year was	Rs 80,000

There was no long term loan or overdraft.

Reserves and Surplus was	Rs 28,000
Liquid Assets were	Rs 97,333.

Closing Stock of the year was Rs 2000 more than the Opening Stock.

Bills Receivable	Rs 5,000
Bills Payable	Rs 2,000
Number of days in the year	360 days

21.From the following Information Calculate:

a) Material Cost Variance.
b) Material Price Variance
c) Material Usage Variance
d) Material Mix Variance.

Name of Material	STANDARD		ACTUALS	
---------------------------	--KG	RATE	KG	RATE
X	8,000	1.05	7,500	1.20
Y	3,000	2.15	3,300	2.30
Z	2,000	3.30	2,400	3.50