

# LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



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

**SIXTH SEMESTER – APRIL 2018**

**CO 6605– MANAGEMENT ACCOUNTS**

Date: 19-04-2018

Dept. No.

Max. : 100 Marks

Time: 01:00-04:00

## **PART –A**

**ANSWER ALL QUESTIONS:**

**10 X 2= 20 Marks**

1. What do you mean by management accounting?
2. What is Zero based Budget?
3. Define budgetary control.
4. What is Return on Investment ratio?
5. Define fund flow statement.
6. From the following details of a business concern calculate net profit ratio.

Sales Rs.3,50,000

Cost of goods sold Rs.1,50,000

Administration Expenses Rs. 50,000

Selling Expenses Rs.10,000

7. Compute the payout ratio from the data provided by equipment Leasing company Ltd.,

Net profit Rs.80,000

Provision for tax Rs.40,000

Preference dividend Rs.10,000

No.of equity shares 30,000

Dividend per equity shares 0.45

8. From the following data calculate:

- a). P/V ratio and b). Variable cost

Sales Rs.80,00

Fixed expenses Rs.15,000

Break evenpoint Rs.50,000

9. What do you mean by direct material cost variance?
10. Write a short note on direct labour Idle time variance?

## **PART –B**

**ANSWER ANY FOUR QUESTIONS:**

**4 X 10= 40 Marks**

11. Distinguish between Management Accounting and Financial Accounting.
12. Distinguish between Standard Costing and Budgetary Control.
13. Describe the various advantages of ratio analysis.
- 14.). From the following Balancing Sheets, prepare a statement showing flow of funds.

Balance sheet

Liabilities	31-12-01 Rs.	31-12-02 Rs.	Assets	31-12-01 Rs.	31-12-02 Rs.
Share Capital	2,00,000	2,50,000	Land	50,000	66,000
Retained earnings	10,000	23,000	Stock	80,000	90,000
Creditors	70,000	45,000	Debtors	1,20,000	1,15,000
			Cash	30,000	47,000
	2,80,000	3,18,000		2,80,000	3,18,000

15. Calculate short term solvency and long term solvency of the company and comment on it.

Balance Sheet of Raj Kumar, as on 31-12 -2008

Liabilities	Rs.	Assets	Rs.
Equity Share Capital	2,00,000	Good will	1,20,000
Reserves	40,000	Fixed Assets	2,80,000
Profit & Loss A/c	60,000	Stock	80,000
Secured Loans	1,60,000	Debtors	40,000
Creditors	1,00,000	Bills Receivable	20,000
Provision for Tax	40,000	Cash	60,000
<b>Total</b>	<b>6,00,000</b>		<b>6,00,000</b>

16. A company manufacture two products A and B A forecast for the number of units to be sold in the first four months of the year is given below:

Months	Product A	Product B
January	3,000	6,000
February	3,400	6,000
March	4,200	5,200
April	5,000	4,400

It is anticipated that (i). There will no work -in progress at the end of any month and (ii). Finished units equal to half the sales for the next month will be in stock at the end of each month (including previous December). Prepare for the three months endings March 31, a production budget for each month.

17. From the following data, Calculate labor variances:

Budgeted labour for completing job X:

8 skilled workers at Rs.10 per hour for 20 hours

12 unskilled workers at Rs.8 per hour for 20 hours

Actual labour for competing job X:

12 Skilled workers at Rs.11 per hour for 20 hours

13 unskilled workers at Rs.7 per hour for 20 hours.

**PART –C**

18) The following are the summarized balance sheets of XYZ Ltd., as on 31<sup>st</sup> December 1998 and 1999.

**Balance Sheet**

Liabilities	Rs. 1998	Rs. 1999	Assets	Rs. 1998	Rs. 1999
Capital:			Fixed assets	41,000	40,000
7%	--	10,000	Less: Depreciation	11,000	15,000
Redeemable pref. shares	40,000	40,000		30,000	25,000
Equity shares	2,000	2,000			
General reserve	1,000	1,200	Debtors	20,000	24,000
Profit and loss account	6,000	7,000	Stock	30,000	35,000
Debentures			Prepaid expenses	300	500
Current liabilities:	12,000	11,000	Cash	1,200	3,500
Creditors	3,000	4,200			
Provision for taxation	5,000	5,800			
Proposed dividend	12,500	6,800			
Bank overdraft					
	<b>81,500</b>	<b>88,000</b>		<b>81,500</b>	<b>88,000</b>

You are required to prepare:

- i). a statement showing changes in the working capital
- ii). a statement of sources and application funds.

19) The standard material inputs required for 1000 kg of a finished product are given below

Material	Quantity	Standard rate per kg (inRs.)
P	450	10
Q	400	20
R	250	30
	1100	
Standard loss	100	
Standard output	1000	

Actual production in a period was 20000 kgs of the finished product for which actual quantities of material used and the prices paid thereof are as under:

Material	Quantity used	Purchase price per kg
P	10000	9.50
Q	8500	21.00
R	4500	32.50

Calculate the

- i). Material cost variance
- ii). Material price variance
- iii) Material usage variance
- iv) Material mix variance
- v) Material yield variance

20) The following particulars are taken from the records of a company engaged in manufacturing

Particulars	Product X Rs. per unit	Product Y Rs. per unit
Sales	125	250
Material Cost 9Rs.2.5 per k.g)	25	62.50
Wages ( Rs.15 per hour)	37.50	75
Variable overhead	12.50	25

Total fixed overhead Rs.50,000

Comment in the profitability if each product when:

- Total availability of raw material is 20,000 kgs and maximum sales potential of each product is 1000 units. Find the product mix to yield maximum profit. Determine the maximum profit.
- Total sales in value is limited
- Labour time is limited
- Production capacity in units is a key factor.

21) With the help of the following ratios regarding J Ltd draw the Balance Sheet of the company for the year 2015:

Current ratio 2.5

Liquidity ratio 1.5

Net working capital Rs.3,00,000

Stock turnover ratio (Cost of sales/closing stock) 6 times

Gross profit ratio 20%

Debt collection period 2 months

Fixed assets turnover ratio ( on cost of sales) 2 months

Fixed assets to shareholders net worth 0.80

Reserves and surplus to capital 0.50

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