

**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034****B.Com. DEGREE EXAMINATION – COMMERCE****SIXTH SEMESTER – APRIL 2022****UCO 6501 – MANAGEMENT ACCOUNTING**

Date: 15-06-2022

Dept. No. 

Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

**PART- A****Answer ALL Questions:****(10 X 2 = 20)**

1. State the advantages of Management Accounting.
2. What is Ratio Analysis?
3. What are the objectives of Funds Flow Statement?
4. What are the applications of cash?
5. Define Marginal Costing.
6. Find out the funds from operations from the details given below:

Particulars	Rs
Net Profit for the year 2020-2021	95,000
Depreciation charged on fixed assets	42,000
Profit on sale of long term investments included in P&L a/c	13,000
Goodwill written off	20,000

7. Prepare Production Budget for three months ending 31/3/2022 for a factory producing four products on the basis of the following information:

Type of Product	Estimated Stock on 1/1/2022 (units)	Estimated Sales during Jan to Mar, 2022 (units)	Desired Cl. Stock on 31/3/2022 (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

8. Current Ratio is 2.5, Working Capital is Rs.60,000. Calculate the amount of current assets and current liabilities.
9. How much is the Profit?

Sales	Rs.25,000
Fixed Cost	Rs.5,00,000
PVR	30%

10. Calculate Labour Rate Variance from the following details:

Standard: 40 workers to work for 8 hours per day in a five-day week and get paid @ Rs. 10/ hour.

Actual: 43 workers worked on average for 9 hours per day in a five-day week and get paid @ Rs. 11/ hour on average.

**PART- B**

**Answer any FOUR Questions:**

**(4 X 10= 40)**

11. Discuss the characteristics of Management Accounting.
12. Distinguish between Funds Flow and Cash Flow Statements.
13. Differentiate between Marginal and Absorption Costing.
14. X Ltd., sells two products A and B in the North and South zones of the market. The following were the actual sales for the year ended 31/12/2021:

Product	North Zone		South Zone	
	Units	Price (Rs)	Units	Price (Rs)
A	20,000	20	30,000	20
B	25,000	30	40,000	30

For the year 2022, it is expected that sales of A and B will increase by 20% in normal process. A special advertising campaign is expected to fetch an additional 25% in the sales of product A in both zones. The selling price of A is unchanged but the price of B is to be increased by Rs.2 per unit which is expected to have no special effect on sales. Prepare Sales Budget for the year 2022 along with actual results of the year 2021.

15. You are required to calculate the following:
  - (i) Working Capital turnover
  - (ii) Fixed assets turnover
  - (iii) Capital turnover

Particulars	Rs
Capital employed	4,00,000
Current Assets	2,00,000
Current liabilities	40,000
Net fixed assets	2,50,000
Sales	5,00,000
Cost of sales	4,00,000

16. The following are the budgeted expenses for the production of 10,000 units. Prepare a Flexible budget for production of 6,000, and 8,000 units from the following information:

Particulars	Amount (Rs)
Direct Materials	60
Direct Labour	30
Variable Overheads	25
Fixed Overheads (Rs.1,50,000)	15
Variable Expenses (Direct)	5
Selling Expenses (10% fixed)	15
Administration Expenses (Rs.50,000 fixed)	5
Distribution Expenses (20% fixed)	5

17. (A). The standard material required for production is 10,500 kgs. A price of Rs.2 per Kg has been fixed for the material. The actual quantity of materials used for the product is 11,000 kgs. A sum of Rs. 24,750 has been paid for the materials. Calculate (a) Material Cost Variance (b) Material Rate Variance (c) Material Usage Variance and verify it.

(B). Using the following information calculate (a) Labour cost variance (b) Labour rate variance (c) Labour efficiency variance (d) Idle time Variance and verify it. Time lost on machinery break down 300 hours.

Standard Hours        5,000  
Standard Wage rate   Rs.4 per hour  
Actual hours        6,000

**PART- C**

**Answer any TWO Questions:**

**(2X 20= 40)**

18. From the following balance sheet of K Ltd for the year 2018 and 2019, prepare a cash flow statement as per AS3.

Liabilities	2018 Rs.	2019 Rs.	Assets	2018 Rs.	2019 Rs.
E.Sh Capital 100 each	4,50,000	6,00,000	Plant Less: Accumulated Depreciation	6,00,000 1,20,000	7,25,000 1,45,000
Sh. Premium	-----	15,000		4,80,000	5,80,000
P&L A/C	60,000	1,10,000	Land	1,83,000	1,98,000
8 % Debenture	2,50,000	2,00,000	Loan to subsidiary Company	25,000	-----
Profit on redemption of debentures	-----	1,000	Shares in subsidiary Company	30,000	40,000
Creditors	2,20,000	1,90,000	Inventory	1,60,000	1,48,000
Provision for taxation	40,000	50,000	Debtors	1,20,000	1,62,000
Proposed Dividend	45,000	60,000	Bank	67,000	98,000
Total	10,65,000	12,26,000		10,65,000	12,26,000

During the year, plant costing Rs.40,000 was sold for Rs.15,000. Accumulated depreciation on plant was Rs.20,000. Loss on sale of plant was charged to profit and loss account. Tax paid during the year was Rs.55,000.

19. The standard supply company produces a single article, which goes through two operating departments. The standard cost card for this article indicated the following data:

Department	Standard Time	Standard Rate	Total
A	2.2 hours	Rs.5.40	Rs.11.88
B	1.6 hours	Rs.6.00	Rs.9.60

The production for the month of August is 1,000 units. The actual labour costs in the two departments were:

Department	Hours	Cost
A	2,000	Rs.12,908
B	1,800	Rs.10,200

Calculate : 1) Direct Labour Cost Variance, 2) Direct Labour Rate Variance, 3) Direct Labour Efficiency Variance.

20. The company expects to have Rs.12,500 cash in bank on 1/10/21 and requires you to prepare an estimate of cash position during the three months Oct, Nov & Dec 2021. The following information is available:

Months	Sales (Rs)	Purchases (Rs)	Wages (Rs)	Factory Expenses (Rs)	Office Expenses (Rs)	Selling Expenses (Rs)
August	25,000	15,000	3,000	2,500	2,000	1,500
September	28,000	16,000	3,250	2,750	2,000	1,500
October	30,000	17,500	3,500	3,000	2,000	1,750
November	40,000	20,000	4,500	3,750	2,000	2,250
December	45,000	20,000	4,750	4,000	2,000	2,250

Additional Information:

- (i) 20% of sales is for cash, remaining amount is collected in the month following that of sale.
- (ii) Suppliers supply goods at two months' credit.
- (iii) All expenses are paid in the following month.
- (iv) Income tax of Rs. 12,500 is payable in December.
- (v) The company is to pay dividends to shareholders and bonus to workers of Rs. 5,000 and Rs. 7,500 respectively in the month of October.
- (vi) Plant has been ordered and is expected to be received in November. It will cost Rs. 40,000.

21. You are given the following information pertaining to a company:

Current Ratio	- 2.5
Liquid Ratio	- 1.5
Net Working Capital	- Rs. 3, 00,000
Stock turnover ratio (Cost of sales/closing stock)	- 6 times
Gross profit ratio	- 20%
Fixed assets turnover ratio (on cost of sales)	- 2 times
Average Debt collection period	- 2 months
Fixed assets/shareholders' net worth	- 0.80
Reserves and Surplus/Capital	- 0.50

Draw up the Balance Sheet of the company.

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