

# LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



## B.B.A. DEGREE EXAMINATION – BUSINESS ADMINISTRATION

SIXTH SEMESTER – APRIL 2022

### UBU 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. What is Financial Accounting?
2. Bring out any two importance of financial statement analysis.
3. Find out operating profit ratio :  
Cost of goods sold = Rs. 1,80,000  
Other operating expenses = Rs. 30,000  
Net sales = Rs. 3,00,000

4. Calculate Average collection period form the following:

	Rs.
Credit sales for the year	30,000
Debtors	2,500
Bills receivable	3,000

5. Prepare Proposed Dividend Account.

	Rs.
Proposed dividend during 2018	80,000
Proposed dividing during 2019	1,10,000
Dividend paid in 2019	80,000

6. What is working capital?

7. Ascertain contribution:

	Rs.
Prime cost	40,000
Variable overheads	20,000
Fixed overheads	30,000
Sales	90,000

8. Find out variable cost:

Sales	Rs.4,00,000
P/V Ratio:	25%

9. What is Standard cost?

10. Calculate material price variance from the following:

Standard	:	2,740 units at Rs. 15 each
Actual	:	3,000 units at Rs. 17 each

**PART B****Answer any FOUR questions:****( 4 X 10 = 40 Marks)**

11. Explain the objectives of management accounting.
12. You are given the following information:

Particulars	Rs.
Cash	18,000
Debtors	1,42,000
Closing stock	1,80,000
Bills payable	27,000
Creditors	50,000
Outstanding expenses	15,000
Tax payable	75,000

Calculate (a) Current ratio, (b) Liquidity ratio (c) Absolute liquidity ratio

13. Find out the creditors from the following details:

Purchases Rs. 14,00,000; Cash purchases Rs. 2,00,000; Bills payable Rs. 50,000; Creditors turnover 2 months.

14. From the following details, ascertain 'Funds from Operations':

Particulars	2020 Rs.	2021 Rs.
P & L A/c Balance at the end	50,000	60,000
General Reserve	30,000	40,000
Goodwill	20,000	12,000
Preliminary expenses	6,000	4,000
Depreciation provision (accumulated)	25,000	40,000
Income from non-trading investments	-----	20,000

Preference shares of the face value of Rs. 1,00,000 were redeemed during the year at premium of 10%. The premium on redemption was charged to the Profit and Loss A/c.

15. A company which supplies its output on contract basis as component to an assembling firm has a contract to supply 10,000 units of its only product during 2020. The following were the budgeted expenses and revenue.

Material	Rs. 15 per unit
Wages	Rs. 10 per unit
Works expenses – (Fixed)	Rs. 40,000
Variable	Rs. 4 per unit
General expenses (all fixed)	Rs. 60,000

Profit is 20% on sale price.

Prepare the fixed budget for 2020 showing the costs and profit.

16. From the following details find out

- Profit volume ratio
- Break-even sales and
- Margin of safety

Sales Rs.1,00,000

Total cost Rs. 80,000

Fixed cost Rs.20,000

Net profit Rs.20,000

17. From the following data, Calculate Labour variances for the two departments:

	Dept. A	Dept. B
Actual direct wages	Rs. 80,000	Rs. 72,000
Standard hours produced	10,000	8,000
Standard rate per hour	Rs. 8	Rs. 10
Actual hours worked	12,000	7,000

**PART C**

**Answer any TWO questions:**

**(2 X 20 = 40 Marks)**

18. Explain the advantages and disadvantages of management accounting.

19. The summarised Balance sheets of Omega Ltd., as on 31.12.2020 and 31.12.2021 are as follows:

Liabilities	2020 Rs.	2021 Rs.	Assets	2020 Rs.	2021 Rs.
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
Creditors	1,68,000	1,34,000	Debtors	2,10,000	4,55,000
Tax provision	75,000	10,000	Bank	1,49,000	1,97,000
Mortgage loan	-	2,70,000			
	10,49,000	12,42,000		10,49,000	12,42,000

Additional details:

- (1) Investments costing Rs. 8,000 were sold 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 Account. You are required to prepare cash flow statement for 2021.

20. Joel Ltd produces 2 products X and Y. the technical labour needed to produce the products is in short supply. The following data is available for the year ending 31.3.2020.

	Product X Per unit Rs.	Product Y Per unit Rs.
Material	40	60
Labour (at Rs. 2 per hour)	20	12
Variable overheads (50% of labour)	10	6
Fixed cost at the current capacity level	15	30
Selling price	100	120
Units sold	900	2,000

Maximum labour hours available per month 3,000 hours.

If maximum profit is to be made using the remaining capacity by producing and selling the best product when labour time is limited (present production of either product should be kept as the minimum output), determine the maximum profit.

21. A manufacturing concern which has adopted standard costing furnishes the following information:

Standard	:	Materials for 70 kgs of finished product: 100 kgs
		Price of material Rs. 1 per kg.
Actual	:	Output 2,10,000 kg
		Material used 2,80,000 kg
		Cost of materials Rs. 2,52,000

Calculate:

- a) Material price variance
- b) Material usage variance
- c) Material cost variance.

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