



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.B.A. DEGREE EXAMINATION – BUSINESS ADMINISTRATION

SIXTH SEMESTER – NOVEMBER 2022

UBU 6502 – MANAGEMENT ACCOUNTING

Date: 02-12-2022

Dept. No.

Max. : 100 Marks

Time: 01:00 PM - 04:00 PM

PART – A

Q. No

Answer ALL questions

(10 x 2 = 20 Marks)

- List out any two merits of management accounting.
- What is Capital Gearing Ratio?
- What is flexible budget?
- Define ratio.
- Define Zero Base Budgeting.
- Define absorption costing.
- What do you mean by variance analysis?
- Opening stock Rs. 29,000, closing stock Rs. 31,000, purchases Rs. 2,42,000. Calculate stock turnover ratio.
Prepare production budget for the quarter ending 31st March 2014:
Budgeted sales for the quarter 40,000 Tons.
- Stock on 31st December 2013 8,000 Tons.
Required stock on 31st March 2014 10,000 Tons.
- Chahal purchased and used 800 tons of a chemical at Rs. 40 per ton where as the standard price fixed was Rs. 48 per ton. Calculate the material price variance.

PART – B

Answer any FOUR questions

(4 x 10 = 40 Marks)

- A. Teena Edward Ltd. Sells two products A and B which are produced in its special products division. Sales for the year 2019 were planned as follows:

	(In Rupees)			
	1st quarter	2nd quarter	3rd quarter	4th quarter
Product A	20,000	24,000	26,000	30,000
Product B	10,000	9,000	8,000	7,000

The selling prices were Rs.20 per unit and Rs. 50 per unit respectively for A and B. Average sales returns are 5% of sales and the discount and bad debts amount to 4% of the total sales. Prepare a sales budget for the year 2019.

- Differentiate between balance sheet and the fund flow statement.

13. From the following data, calculate labour variances:
 Budgeted labour for completing job A:
 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 completing job B:
 12 skilled workers at Rs.11 per hour for 20 hours
 13 unskilled workers at Rs.7 per hour for 20 hours
14. ABC Trader purchases goods both on cash as well as on credit terms. The following particulars are obtained from the books.

	Rs.
Total purchases (gross)	2,00,000
Cash purchases	20,000
Purchases returns	34,000
Creditors at the end	70,000
Bills payable at the end	40,000

You are required to calculate creditors turnover ratio and calculate average payment period.

15. An automobile manufacturing company finds that the cost of making part no. 112 in its own workshop is Rs. 6. The same part is available in the market at Rs. 5.60 with an assurance of continuous supply. The cost data to make the part are:
- | | |
|----------------------|---------|
| Material | Rs.2 |
| Direct labour | Rs.2.50 |
| Other variable costs | Rs.0.50 |
| Fixed cost allocated | Re.1 |
- a. Should the part be made or bought?
 b. Will your answer be different if the market price is Rs. 4.60
 Show your calculations clearly.
16. What is "Ratio Analysis"? and discuss its uses and limitations.
17. Differentiate between Standard costing and Budgetary control.

PART – C

Answer any TWO questions

(2 x 20 = 40 Marks)

18. Bring out the differences between financial accounting and management accounting.
19. The following information is available from the records of BX Ltd.
 Prepare a Profit and loss account and the Balance sheet as on 31st Dec2020.

Current ratio	1.75
Acid-test ratio	1.27
Working capital	Rs.33,000
Fixed Assets to shareholders equity	0.625
Inventory turnover (based on Closing Stock)	4 times
Gross profit ratio	40%
Earnings per share	Re.0.50
Debt collection period	73 days
No. of shares issued	20,000

20. The sales turnover and profit during two years were as follows.

Year	Sales Rs.	Profit Rs.
2020	140000	15000
2021	160000	20000

Calculate

- a) P/V Ratio
 b) Break –even point
 c) Sales required to earn a profit of Rs.40000
 d) fixed expenses
 e) Profit when sales are Rs.120000
21. The following is the Comparative balance sheet of blue & Co. Ltd as on 30th June 2021 and 30th June 2022

Balance sheet					
Liabilities	30-06-2021	30-06-2022	Assets	30-06-2021	30-06-2022
Share capital	180000	200000	Goodwill	24,000	20,000
Reserves & surplus	28000	36000	Buildings	80000	72000
P & I a/c	39000	24000	Machinery	74000	72000
Trade creditors	16000	10800	Investments	20000	22000
Bank overdraft	12400	2600	Inventories	60000	50800
Provision for taxation	32,000	34000	Debtors	40000	44400
Provision for doubtful debts	3800	4200	Cash	13200	30400
	311200	311600		311200	311600

Additional information:

- a. Depreciation charged on machinery Rs.10,000 and on building Rs.8,000
 b. Investments sold during the year Rs. 3,000
 c. Rs. 15,000 interim dividend paid during January 2022.
 d. Taxes paid during the year Rs.30,000.

Prepare a statement of changes in working capital and a funds flow statement.

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