LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

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

SIXTH SEMESTER – **APRIL 2015**

CO 6609 - MANAGEMENT ACCOUNTING

Date : 17/04/2015 Dept. No. Max. : 100 Marks
Time : 09:00-12:00

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 is meant by working capital?
5. Define Marginal Costing.
6. Calculate (in units) BEP from the following details:

Particulars	Rs.
Fixed Expenses	1,50,000
Variable cost per unit	10
Selling price per unit	15

7. From the following particulars calculate Net profit ratio:

Particulars	Rs.
Opening stock	30,000
Purchases	90,000
Sales	1,60,000
Expenses	25,000
Closing Stock	35,000

8. From the following particulars prepare production budget for the year ended June 30, 2014:

Product	Sales in units	Estimated stock (units)	
	As per sales budget	July 1, 2013	June 30, 2014
A	1,50,000	14,000	15,000
B	1,00,000	5,000	4,500
C	70,000	8,000	8,000

9. Mr. X 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 Material Price Variance.
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. Differentiate Management Accounting from Cost Accounting.
12. Discuss the uses of Ratio analysis.
13. Explain the advantages of Marginal costing in decision making.

14. From the following particulars calculate (i) the P/V ratio; (ii) the BEP; (iii) the Margin of Safety :

Particulars	Rs.	%
Variable Costs	6,00,000	60
Fixed Costs	3,00,000	30
Net Profit	1,00,000	10
	10,00,000	100

15. Prepare flexible budget for 80 % and 100 % capacity activity on the basis of the following information:

Production @ 50% capacity	5,000 units	
Raw materials	per unit-	Rs 80
Direct labour	per unit	Rs 50
Direct expenses	per unit	Rs 15
Factory expenses (50% fixed)		Rs 50,000
Administration overhead(60% variable)		Rs 60,000

16. From the following data, calculate 1. Labour cost variance 2. Rate variance 3. Efficiency variance 4. Mix variance 5. Labour sub-efficiency variance.

	Standard		Actual	
	Hours	Rate	Hours	Rate
Skill labour	10	3.00	9,000	4.00
Semi-skilled	8	1.50	8,400	1.50
Un-skilled	16	1.00	20,000	0.90

The actual production was 1000 articles.

17. From the following particulars pertaining to assets and liabilities of a company calculate (1) current ratio (2) Liquid ratio (3) Proprietary ratio (4) Debt-Equity ratio (5) Capital Gearing ratio.

Liabilities	Rs.	Assets	Rs.
5,000 Equity shares of Rs.100 each	5,00,000	Land and Building	6,00,000
2,000 8% Preference shares of Rs.100 each	2,00,000	Plant and machinery	5,00,000
4,000 9% Debentures of Rs.100 each	4,00,000	Stock	2,40,000
Reserves	3,00,000	Debtors	2,00,000
Creditors	1,50,0000	Cash and bank	55,000
Bank overdraft	50,000	Pre-paid expenses	5,000
	16,00,000		16,00,000

PART- C

Answer any TWO Questions: **(2X 20= 40)**

18. The following particulars are obtained from costing records of a factory:

	Product A (per unit) Rs.	Product B (per unit) Rs.
Selling price	**200**	**500**
Material (Rs.20 per kg.)	**40**	**160**
Labour (Rs.10 per hour)	**50**	**100**
Variable overhead	**20**	**40**

Total fixed overheads Rs.15,000

Comment on the profitability of each product when:

(a) Raw material is in short supply;
(b) Production capacity is limited;
(c) Sales quantity is limited;
(d) Sales value is limited;
(e) Only 1,000 kgs. Of raw material is available for both type of products in total and maximum sales quantity of each product is 300 units.

19. ABC company Ltd. has given the following particulars you are required to prepare a cash budget for the three months ending 31st December 2007:

a)

Months	Sales Rs.	Materials Rs.	Wages Rs.	Overheads Rs.
August	**20,000**	**10,200**	**3,800**	**1,900**
September	**21,000**	**10,000**	**3,800**	**2,100**
October	**23,000**	**9,800**	**4,000**	**2,300**
November	**25,000**	**10,000**	**4,200**	**2,400**
December	**30,000**	**10,800**	**4,500**	**2,500**

b) Credit terms are: Sales / Debtors – 10% sales are on cash basis, 50% of the credit sales are collected next month and the balance in the following month.

Creditors: Materials 2 months
Wages 1/5 month
Overheads ½ month

c) Cash balance on 1st October, 2007 is expected to be Rs.8,000.

d) A machinery will be installed in August,2007 at a cost of Rs.1,00,000. The monthly instalment of Rs.5,000 is payable from October onwards.

e) Dividend at 10% on preference share capital of Rs.3,00,000 will be paid on 1st December, 2007.

f) Advance to be received for sale of vehicle Rs.20,000 in December.

g) Income-tax 9advance) to be paid in December Rs.5,000.

20. From the following information, prepare a Balance Sheet.

Gross profit ratio	20%
Inventory turnover	6 times
Fixed assets turnover	2 times
Reserves to capital	8:1
Current ratio	2.5
Acid test ratio	1.5
Sales	Rs. 3,00,000
Cash	Rs. 10,000
Opening Stock	Rs. 30,000
Long term loan	Rs. 15,000

21.The standard cost of a chemical mixture is as under:

8 tons of material A at Rs.40 per ton
12 tons of material B at Rs.60 per ton
Standard yield is 90% of input
Actual cost for a period is as under:

12 tons of material A at Rs.30 per ton
20 tons of material B at Rs.68 per ton
Actual yield is 27 tons

Compute all material variances.

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