



# LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

## B.Com. DEGREE EXAMINATION - CORPORATE SECRETARYSHIP

FIFTH SEMESTER – NOVEMBER 2015

### BC 5506/BC 6600 - MANAGEMENT ACCOUNTING

Date : 05/11/2015

Dept. No.

Max. : 100 Marks

Time : 09:00-12:00

#### SECTION A (10X2=20Marks)

##### ANSWER ALL THE QUESTIONS

1. State any two applications of management accounting in business.
2. What is opportunity cost?
3. Mention the significance of turnover ratios.
4. What is the decision criterion in key factor analysis?
5. Give any two advantages of zero based budgeting.
6. List the limitations of marginal costing.
7. What do you mean by variance analysis?
8. What is a Break Even Point?
9. Compute Payout Ratio: Net Profit-Rs.80, 000, Provision for Tax-40,000, Preference Dividend-Rs.10, 000, No. Of equity Shares- 30,000, dividend per Equity Share-0.45.
10. Calculate P/v ratio given that sale is Rs. 30,000 and fixed cost Rs. 15,000, contribution- Rs.12,000.

#### SECTION B (4X10=40Marks)

##### ANSWER ANY FOUR QUESTIONS

11. Discuss the similarities and differences between cost and management accounting.
12. Differentiate cash flow statement from balance sheet.
13. A company provides the following information relating to its working for the year 2009 and you are required to ascertain “funds from operation” for the year.  
The opening and closing balances in the P&L a/c were, 40,000 and 60,000 respectively. Profit on sale of Motor Car Rs.8,000 was credited to the P&L a/c whereas it was debited with loss on sale of machinery Rs.20,000. Preliminary expenses written off Rs.4,000, good will written off Rs.10,000, were also debited to the P&L a/c. Transfers and appropriations shown were:  
To the general reserve 15,000, to the debenture sinking fund Rs.10,000 and dividend proposed Rs.20,000. Depreciation on fixed assets charged was Rs.18,000.
14. M/S Krishnan &Co produces and sells a product for which total capacity of 2,000 units exists. The following are the expenses for the production of 1,000 units of the product and it is sold at Rs.130 per unit.

Prepare a flexible budget for the production and sale of 1,200 and 1,600 units.

	Per unit (Rs.)
Direct materials	20
Direct wages	30
Administration overheads(fixed)	20
Selling exp(50%) fixed	10
Distribution exp(25% fixed)	20

15. Xavier Bros.. sells goods on cash and credit terms and also purchases goods on cash and credit terms. The following particulars are obtained from their books:

	Rs.
Total sales	5,00,000
Cash sales	40,000
Sales returns	20,000
Debtors at the end	80,000
Bills receivable at the end	20,000
Reserve for bad and doubtful debts	1,000
Total purchases	3,00,000
Cash purchases	50,000
Purchase returns	10,000
Creditors at the end	60,000
Bills payable at the end	20,000
Reserve for discount on creditors	2,000
Opening stock	50,000
Closing stock	40,000
Gross profit	1,00,000
Fixed assets	10,00,000

Calculate Stock turnover ratio, Fixed assets turnover ratio, Debtors turnover ratio and Creditors turnover ratio.

16. The Sales turnover and profit during two years were as follows

Year	Sales	Profit
1991	1,40,000	15,000
1992	1,60,000	20,000

Calculate (a) P/V Ratio (b) Break even point (c) Sales required to earn a profit of Rs.40, 000 (d) Fixed Expenses (e) Profit when Sales are Rs.1, 20,000 (f) Margin of Safety

17. From the following data calculate Labour cost variance and labour rate variance.

Budgeted labour for completing job X:

8 skilled workers @ 10 per hour for 20 hours

12 unskilled workers @ 8 per hour for 20 hours

Actual labour for completing job X:

12 skilled workers @ 11 per hour for 20 hours

13 unskilled workers @ 7 per hour for 20 hours

### SECTION C (2X20=40Marks)

#### ANSWER ANY TWO QUESTIONS

18. The following ratios and other data relate to the financial statements of a co. Draft the Profit and Loss Account and Balance Sheet.

- Current ratio 1.75
- Acid test Ratio 1.27
- Working capital Rs.33,000
- Fixed Assets and 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
- Earnings for the year on share capital 25%

19. Prepare a cash flow statement from the following information.

liability	2007	2008	assets	2007	2008

Creditors	52,000	47,500	Cash & bank	45,000	45,000
Outstanding exp	6,000	6,500	Debtors	38,500	26,500
8% debentures	45,000	35,000	Investments	50,000	32,000
Depreciation fund	20,000	22,000	Prepaid exp	500	1,000
Reserve for contingencies	30,000	30,000	Stock	41,000	53,000
P &L a/c	8,000	11,000	Land & building	77,000	77,000
Share capital	1,15,000	1,15,000	Machinery	24,000	33,000
	2,76,000	2,67,500		2,76,000	2,67,500

Additional information:

- 10% dividend was paid in cash
- New machinery for Rs.15,000 was purchased and old machinery costing Rs.6000 was sold for Rs.2,000 on which accumulated depreciation was Rs.3,000
- Rs.10,000 8% debentures were redeemed by purchases from open market at Rs.96 for a discount of Rs.100.
- Investments were sold at book value

20. A company manufactures a particular product the standard material cost of is Rs.10.

	STANDARD			ACTUAL		
	QUANTITY IN UNITS	RATE	AMOUNT	QUANTITY IN UNITS	RATE	AMOUNT
A	70	10	700	400	11	4400
B	30	5	150	200	6	1200
	100		850	600		5,700
LOSS 15%	15			(Loss10%) 60		-
	85		850	540		5600

Calculate:

- Material price variance
- Material mix variance
- Material usage variance
- Material yield variance
- Material cost variance

21. Diagrammatically explain the concept of marginal costing and explain the practical applications of the same in business decision making.

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