



# LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

**B.Com. DEGREE EXAMINATION – CORPORATE SECRETARYSHIP**

**FIFTH SEMESTER – NOVEMBER 2017**

**BC 5506 – MANAGEMENT ACCOUNTING**

Date: 03-11-2017

Dept. No.

Max. : 100 Marks

Time: 09:00-12:00

**SECTION- A (10 X 2 = 20 Marks)**  
**ANSWER ALL THE QUESTIONS**

1. Define Management Accounting?
2. What is financial accounting?
3. Write any two objectives of Ratios.
4. What do you mean by cash budget?
5. What is Break Even Point?
6. What is Margin of Safety?
7. What is zero base budgets?
8. What do you understand the concept of contribution?
9. The following details, calculate P/V Ratio.  
Sales               Rs.1, 00,000  
Variable Cost   Rs. 72, 000  
Fixed Cost       Rs. 16,800
10. What is meant by material cost variance?

**SECTION - B (4 X 10 = 40 Marks)**  
**ANSWER ANY FOUR QUESTIONS**

11. What are the functions of Management Accounting?
12. Explain the concept of marginal costing. What are the characteristics and assumptions of marginal costing?
13. Prepare flexible budget for the overheads on the basis of the following data. Ascertain the overheads rates at 50%, 60% and 70% capacity.

	At 60% capacity Rs.
Variable overheads:	
Indirect material	6,000
Indirect labour	18,000
Semi-variable overheads:	
Electricity (40% fixed and 60% variable)	30,000
Repairs (80% fixed and 20% variable)	3,000
Fixed overheads:	
Depreciation	16,500
Insurance	4,500
Salaries	15,000
Total overheads	93,000
Estimated direct labour	1,86,000

14. From the following balance sheets of Sun Company Ltd., as on 31<sup>st</sup> December 2000 and 31<sup>st</sup> December 2001, prepare funds flow statement.

Liabilities	31/12/2000 Rs.	31/12/2001 Rs.	Assets	31/12/2000 Rs.	31/12/2001 Rs.
Equity share capital	3,00,000	4,00,000	Furniture	44,000	68,000
Share premium	---	10,000	Goodwill	20,000	Nil
General Reserve	1,00,000	1,20,000	Long-term Investment	80,000	1,04,000
Profit & loss a/c	40,000	70,000	Stock	5,08,000	5,78,000
Debentures	2,00,000	1,50,000	Debtors	62,000	56,000
Bills payable	50,000	40,000	Cash at bank	44,000	62,000
Creditors	70,000	80,000	Discount on debentures	6,000	4,000
Outstanding expenses	4,000	2,000			
	<b>7,64,000</b>	<b>8,72,000</b>		<b>7,64,000</b>	<b>8,72,000</b>

15. M/s Raj & Sons presents you the following balance sheets as on 31<sup>st</sup> December 2004.

Liabilities	Rs.	Assets	Rs.
Equity share capital	10,00,000	Fixed Assets	10,00,000
General Reserve	1,00,000	Stock	4,00,000
7% Debentures	3,00,000	Debtors	3,00,000
Overdraft	2,00,000	Cash	2,00,000
Creditors	3,00,000		
	<b>19,00,000</b>		<b>19,00,000</b>

Calculate a) liquidity Ratio b) Solvency Ratio

16. From the following data for the year 1997 of the company:

Variable cost Rs. 6,00,000

Fixed cost Rs. 3,00,000

Profit Rs. 1,00,000

Sales Rs. 10,00,000

Find out:

i) Profit/ Volume Ratio

ii) Break –even point

iii) Profit when sales amounted to Rs. 12,00,000

iv) Sales required to earn a profit of Rs.2,00,000

17. From the following data, calculate :

- i) Material cost variance
- ii) Material price variance
- iii) Material usage variance separately for A & B

Material	Standard quantity	Standard price	Actual quantity	Actual Price
A	50 kg	Rs.4	60 kg	Rs.3.75
B	75 kg	Rs.5	90 kg	Rs.4.50
	125kg		150kg	

**SECTION - C (2 X 20 = 40 Marks)**  
**ANSWER ANY TWO QUESTIONS**

18. Prepare the balance sheet from the following ratios.

- Current ratio - 2.5
- Total Assets/ Net worth -3.5
- Sales / Fixed assets – 6
- Sales / current assets – 8
- Sales / Inventory - 15
- Sales / Debtors – 18
- Annual sales – 25,00,000

19. From the following Balance Sheets, prepare a funds flow statement:

Liabilities	1994 Rs.	1995 Rs.	Assets	1994 Rs.	1995 Rs.
Equity share capital	3,00,000	4,00,000	Goodwill	1,15,000	90,000
8% Redeemable preference share capital	1,50,000	1,00,000	Land and building	2,00,000	1,70,000
General Reserve	40,000	70,000	Plant	80,000	2,00,000
Profit & loss a/c	30,000	48,000	Stock	77,000	1,09,000
Proposed dividend	42,000	50,000	Debtors	1,60,000	2,00,000
Creditors	55,000	83,000	Bills		
Bills payable	20,000	16,000	Receivable	20,000	30,000
Provision for taxation	40,000	50,000	Cash at bank	10,000	8,000
			Cash in hand	15,000	10,000
	<b>6,77,000</b>	<b>8,17,000</b>		<b>6,77,000</b>	<b>8,17,000</b>

Additional information:

1. Depreciation of Rs. 10,000 and Rs. 20,000 has been charged on plant and land and buildings respectively in 1995.
2. In interim dividend of Rs. 20,000 has been paid in 1995.
3. Income tax of Rs. 35,000 has been paid during the year.

20. The following are obtained from the records of a factory:

Sales (4,000 units @ Rs.25 each)	1,00,000
Variable cost	72,000
Fixed cost	16,800

Calculate:

- i) P/V Ratio
- ii) Break-even sales
- iii) Margin of safety
- iv) What additional units should be sold to obtain the same amount of profit if the selling price is reduced to Rs.20

21. What is meant by standard costing? Explain its objectives, advantages and disadvantages.

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