LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

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

FIFTH SEMESTER – **NOVEMBER 2018**

BC 5506– MANAGEMENT ACCOUNTING

Date: 25-10-2018 Dept. No. Max. : 100 Marks

Time: 09:00-12:00

SECTION A

ANSWER **ALL** THE QUESTIONS **(10 X 2 = 20)**

1. Define "Management Accounting"
2. Define "Ratio Analysis"
3. What is meant by flexible budget?
4. What is fund flow statement?
5. What is zero base budgeting?
6. The following are obtained from the records of a factory:

   Sales (4000 units @Rs.25 Each) Rs.1, 00,000

   Variable Cost Rs.72,000

   Fixed Cost Rs. 16,800

   Calculate: (i) P/V Ratio (ii) Break – even sales.
7. Define "Marginal Costing"
8. What is breakeven point?
9. What is the meaning of standard costing?
10. **Current ratio - 2:1**

    Working capital Rs.400000

    Calculate: Current Assets and Current liabilities.

SECTION B

ANSWER **ANY FOUR** QUESTIONS **(4 X 10 = 40)**

11. Describe in brief about the functions of management accounting.
12. What are the uses and limitations of Ratio Analysis?
13. From the following particulars, prepare statement showing the proprietors' funds as at 31st December 1999 with as many details as possible.

    Calculate:

    (i) Current Ratio =2.5:1

    (ii) Acid test Ratio=1.5:1

    (iii) Fixed Assets to proprietors' funds =0.75:2

    (iv) Working Capital = Rs. 90,000

    (v) Reserve and Surplus = Rs.60,000

    (vi) Bank overdraft = Rs.15,000

14. Draw up a Flexible budget for overhead expenses on the basis of the following information and determine the overhead rates at 70%, 80% and 90%

	Capacity levels		
	70%	**80%**	**90%**
Variable overheads:			
Indirect labour	--	12,000	--
Indirect material	--	4,000	--
Semi -Variable overheads:			
Power (30% fixed)	--	20,000	--
Repairs and Maintenance (60% fixed)	--	2,000	--
Fixed overheads:			
Depreciation	--	11,000	--
Insurance	--	3,000	--
Salaries	--	10,000	--
Total overheads	---	62,000	---
Estimated Direct labour Hours	---	124000 hrs	---

15. From the following details, calculate the funds from operations:

	Rs.		Rs.
Salaries	5,000	Transfer to General	
Rent	3,000	Reserve	1,000
Depreciation	5,000	Goodwill written off	2,000
Provision for tax	4,000	Dividend received	5,000
Loss on sale of machinery	2,000	Refund of tax	3,000
Opening balance of profit and loss a/c	25,000	profit on sale of building	
Discount on issue of debentures	2,000	closing balance of profit	5,000
Provision for bad debts	1,000	and loss a/c	
Preliminary expenses written off	3,000		60,000
Proposed dividend	6,000		

16. Comment on the economic Soundness of the following firms on the basis of its P/V Ratio, contribution and profit of each firm.

	Firm A	**Firm B**
	Rs.	**Rs.**
Current sales volume	**3,00,000**	**3,00,000**
Break even sales volume	**2,00,000**	**2,00,000**
Margin of safety	**1,00,000**	**1,00,000**
Fixed cost	**1,00,000**	**60,000**

17. Gemini chemicals ltd., provide material provide the following information from their records:
For making 10kg of GEMCO, the standard material requirement is:

Material	Quantity Rs.	Rate Per kg Rs.
A	8	6.00
B	4	4.00

During April 2005, 1000 kg of GEMCO were produced. The Actual consumption of material is us under:

Material	Quantity Rs.	Rate Per kg Rs.
A	750	7.00
B	500	5.00

Calculate (i) Material Cost variance (ii) Material price variance (iii) material usage variance.

SECTION C

ANSWER **ANY TWO** QUESTIONS **(2 X 20 = 40)**

18. a) Explain the scope and objectives of management Accounting.
b) Distinguish between management Accounting and Financial Accounting.

19. You are given the following information pertaining to a company:

Current ratio — 2.5:1
Liquid ratio – 1.5:1
Net working capital –Rs.3,00,000
Stock turnover ratio (cost of sales/ Closing Stock) – 6 Times
Gross profit ratio - 20%
Fixed Assets turnover ratio (on cost of sales) -2 Times
Average Debt Collection period – 2 months
Fixed assets / Shareholder net worth - 0.80
Reserve and surplus / capital - 0.50

Draw up the balance sheet of the company.

20. From the following Balance Sheets, prepare fund flow statement:

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

Additional information:

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

21. The sales and profit during two years were as follows:

Year	**Sales** **Rs.**	**Profit** **Rs.**

2004	1,50,000	20,000
2005	1,70,000	25,000

You are required to calculate:

1. P/V Ratio
2. Break -even point
3. Sales required to earn a profit of Rs.40,000
4. Profit made when sales are Rs.2,50,000
5. Margin of safety for the year 2004
6. Variable cost of two years.

★★★★★★★★