LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

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

FIFTH SEMESTER – **NOVEMBER 2019**

BC 5506 – MANAGEMENT ACCOUNTING

Date: 04-11-2019 Dept. No. Max. : 100 Marks
Time: 09:00-12:00

Section-A

ANSWER ALL QUESTIONS (10 X 2 = 20)

1. Define Management accounting.
2. What do you mean by flexible budget?
3. What is EPS?
4. What is Margin of Safety?
5. State two transactions that do not affect the flow of funds.
6. List two assumptions of Break Even Analysis.
7. Calculate funds from operation: Net Profit- Rs.54,000, Goodwill written off- 12,000, Transferred to general reserve- Rs.24,000, Depreciation – Rs.25,000, Profit on sale of assets- Rs.7,000, Loss on sale of asset- Rs.8,000.
8. Product A requires 10 Kgs of material at the rate of Rs.4 per Kg. The actual consumption of material for the manufacturing of product A came to 12 Kgs of material at Rs.4.50 per Kg. calculate material usage variance
9. What is zero based budgeting?
10. Explain the term ‘Capital employed’.

Section-B

WRITE ANY FOUR QUESTIONS (4x10=40)

11.Explain the major sources and uses of working capital.

12. How is marginal costing useful in decision making for a firm?

13. State the limitations of Ratio Analysis.

14. A Manufacturing company incurs Rs.6 per unit to produce a spare part but the same product is available in the market for Rs.5.60 per unit with an assurance of continued supply. The cost data is:

Material – 2.00
Labour – 2.50
Other Variable overhead – Re.0.50
Fixed cost allocated Re.1 per unit.

a) Suggest him whether the product should be made or bought?
b) In case if the product is available in the market at Rs.4.60 will your answer be different?

15. From the following data calculate labour variances :
Actual gross wages Rs.20,000
Standard hours produced 2,000
Standard rate per hour Rs.2
Actual hours worked 2300

16. Calculate the following ratios from the information given below: (i) Gross Profit Ratio, (ii) Stock Turnover ratio
(iii) Fixed Assets Turnover Ratio, (iv) Current Ratio, (v) Liquid Ratio

	Rs.		Rs.
Sales	25,20,000	Other Current Assets	7,60,000
Cost of Sales	19,20,000	Fixed Assets	14,40,000
Net Profit	3,60,000	Net Worth	15,00,000
Opening Stock	3,00,000	Long term Debts	9,00,000
Closing Stock	5,00,000	Current Liabilities	6,00,000

17. Prepare a production budget for the half year ending june 2011 from the following information;

PRODUCT	BUDGETED SALESUNITS	DESIRED STOCK AS ON 30-06-2011 UNITS	DESIRED STOCK AS ON 30-06-2011 UNITS
A	20,000	4,000	5,000
B	50,000	6,000	10,000

Section- C

ANSWER ANY TWO QUESTIONS (2X20=40)

18. Differentiate management accounting and financial accounting
19. A company produces a standard product. The estimated cost per unit are as follows:
Raw materials – Rs.4.00; Wages – Rs. 2.00; Variable overhead – Rs. 5.00.

The semi-variable costs are:
Indirect materials – Rs.235; Indirect labour – Rs. 156; Repairs – Rs. 570.

The variable costs per unit included in semi-variable are:
Indirect materials – Re. 0.05; Labour – Re. 0.08; and Repairs – Re. 0.10.

The fixed costs are:
Factory – Rs.2,000; Administration – Rs. 3,000; Selling and distribution – Rs. 5,000.
The above costs are for 70% of normal capacity producing 700 units. The selling price is Rs.10 per unit. Prepare flexible budget for 80% and 100% normal capacities from the above information.

20. From the following information, prepare an income statement and the Balance sheet.
Net sales = Rs.1,00,000

Debtors turnover based on net sales = 2
Inventory turnover = 1.25

Fixed assets turnover on sales = 0.8
Debt assets ratio = 0.6
Net profit margin (after tax) = 5%
Gross profit margin = 25%

Return on investment on assets= 2%
Rate of tax = 50%
Short term debt = Rs.50,000

21. The following data are obtained from the records of a factory:
Sales 4,000 units at Rs. 25 each 1,00,000
Materials consumed 40,000
Variable overheads 10,000
Labour charges 20,000
Fixed overheads 18,000
Total cost 88,000
Net profit 12,000

Find Out

(a) B.E.P
(b) Sales needed to earn a profit of 20% on sales
(c) The extra units to be sold, if selling price reduced by (a) 20% and (b) 25%
(d) BEP, when sale is increased by 1,000 units.

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