



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – CORPORATE SECRETARYSHIP

SIXTH SEMESTER – **APRIL 2015**

BC 6600 – MANAGEMENT ACCOUNTING

Date : 21/04/2015

Dept. No.

Max. : 100 Marks

Time : 09:00-12:00

SECTION - A

ANSWER ALL QUESTIONS:

(10x2=20)

1. Define management accounting.
2. What is a fixed budget?
3. (a) The "Safe Level" for proprietary ratio is _____.
(b) The ideal current ratio is _____.
4. What is "Funds Flow Statement"?
5. What is marginal cost?
6. What is Break-even point?
7. What is P/V Ratio?

Sales	Rs.4,00,000
Variable cost	Rs.3,00,000
Fixed cost	Rs.40,000

8. From the following figures calculate the debtors turnover ratio.

Credit sales for the year	Rs.12,000
Debtors	Rs.1,000
Bills Receivable	Rs.1,000

9. Find out the funds from operations from the details given below.

Net Profit for the year 2006-2007	Rs.95,000
Depreciation charged Fixed assets	Rs.42,000
Profit on Sale of Long term investments included in the P&L A/c	Rs.13,000
Goodwill written off	Rs.20,000

10. Prepare Production Budget for the Quarter

Particulars	Tons
Budgeted sales for the quarter	40,000
Stock on 31 st December 2003	8,000
Required Stock on 31 st March 2004	10,000

SECTION-B

ANSWER ANY FOUR QUESTIONS:

(4x10=40)

11. State and explain how Accounting Ratios are classified?
12. What is zero base budgeting? What are its merits and limitations?
13. Define marginal costing. What are its limitations?
14. A company manufactures a particular product, the standard material cost of which is Rs. 10 per unit. The following information is obtained from the cost records,

(i) Standard mix

Material	Quantity (Units)	Rate (Rs.)	Amount (Rs.)
A	70	10	700
B	30	5	150
	100		850
Loss 15%	15		_____
	85		850

(ii) Actual results for January 1987:

Materials	Quantity (Units)	Rate (Rs.)	Amount (Rs.)
A	400	11	4,400
B	200	6	1,200
	600		5,600
Loss 10%	60		_____
	540		5,600

Calculate (i) Material price variance (ii) Material mix variance (iii) Material usage variance (iv) Material yield variance (v) Material cost variance.

15. Prepare a flexible budget for overheads on the basis of the following data.

Ascertain overhead 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 60% variable) 30,000

Repairs (80% fixed 20% variable) 3,000

Fixed overheads

Depreciation	16,500
Insurance	4,500
Salaries	15,000

Total overheads	93,000

Estimated direct labour hours	1,86,000

16. Calculate funds from operations of X Ltd. from the following:

Profit and Loss Account

PARTICULARS	Rs.	PARTICULARS	Rs.
To Salaries	10,000	By Gross Profit	2,00,000
To Rent	3,000	By Profit on Sale of Machines	5,000
To Commission	2,000	By Dividend received	2,000
To Discount allowed	1,000	By Refund of tax	3,000
To Provision for Depreciation	14,000		
To Transfer to general reserve	20,000		
To Loss on sale of investments	5,000		
To Provision for tax	10,000		
To Discount on issue of debentures	2,000		
To Preliminary Expenses	3,000		
To Selling Expenses	20,000		
To Net Profit	1,20,000		
	2,10,000		2,10,000

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

Year	Sales (Rs.)	Profit (Rs.)
2007	1,40,000	15,000
2008	1,60,000	20,000

Calculate:

- P/V Ratio
- Break-even point
- Sales required to earn a profit of Rs. 40,000
- Fixed expenses and
- Profit when sales are Rs.1,20,000

SECTION - C

ANSWER ANY TWO QUESTIONS

(2x20=40)

18. Distinguish between Management Accounting and Financial Accounting.

19. The following are the balance sheets of 'X' Ltd. as on 31st December 1995 and 1996, you are required to prepare:

- a) A schedule of Changes in Working Capital.
- b) A Funds Flow Statement.

Liabilities	1995 Rs.	1996 Rs.	Assets	1995 Rs.	1996 Rs.
Share capital	1,00,000	1,00,000	Goodwill	12,000	12,000
General reserve	14,000	18,000	Building	40,000	36,000
Profit & loss a/c	16,000	13,000	Plant	37,000	36,000
Sundry creditors	8,000	5,400	Investments	10,000	11,000
Bills payable	1,200	800	Stock	30,000	23,400
Provision for taxation	16,000	18,000	Bills receivable	2,000	3,200
Provision for doubtful debts	400	600	Debtors	18,000	19,000
			Cash at bank	6,600	15,200
TOTAL	1,55,600	1,55,800	TOTAL	1,55,600	1,55,800

The following additional information has also been given:

- (i) Depreciation charged on plant was Rs. 4,000 and on Building Rs. 4,000
- (ii) Provision for taxation of Rs. 19,000 was made during the year 1996.
- (iii) Interim dividend of Rs. 8,000 was paid during the year 1996.

20. Prepare a Balance Sheet with as many details as possible from the following information:

Gross profit ratio	20%
Debtors turnover	6 times
Fixed assets to net worth	0.80
Reserves to capital	0.50
Current ratio	2.50
Liquid ratio	1.50
Net working capital	Rs.3,00,000
Stock turnover ratio	6 times

21. Prepare a Cash budget for the months of May, June and July 1998 on the basis of the following information:

- (i) Income and Expenditure forecasts:

Months	Credit Sales (Rs.)	Credit Purchases (Rs.)	Wages (Rs.)	Manufacturing Expenses (Rs.)	Office Expenses (Rs.)	Selling Expenses (Rs.)
March	60,000	36,000	9,000	4,000	2,000	4,000
April	62,000	38,000	8,000	3,000	1,500	5,000
May	65,000	33,000	10,000	4,500	2,500	4,500
June	58,000	35,000	8,500	3,500	2,000	3,500
July	56,000	39,000	9,500	4,000	1,000	4,500

August	60,000	34,000	8,000	3,000	1,500	4,500
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(ii) Cash balance on 1st May, 1998 Rs.8,000.

(iii) Plant costing Rs. 16,000 is due for delivery in July, payable 10% on delivery and the balance after 3 months.

(iv) Advance tax of Rs. 8,000 each is payable in March and June.

(v) Period of credit allowed (i) by suppliers-two months , and (ii) to customers –one month.

(vi) Lag in payment of manufacturing expenses-1/2 month.

(vii) Lag in payment of office and selling expenses-one month.