

**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**  
**B.B.A. DEGREE EXAMINATION – BUSINESS ADMINISTRATION**

SIXTH SEMESTER – APRIL 2010

**BU 6603/BU 6600 - MANAGEMENT ACCOUNTING**

Date & Time: 20/04/2010 / 9:00 - 12:00

Dept. No.

Max. : 100 Marks

**PART – A**

**(10 X 2 = 20 marks)**

**ANSWER ALL THE QUESTIONS:**

- 1) Define management accounting.
- 2) List the various objectives of management accounting.
- 3) What is acid test ratio?
- 4) What are non-fund items?
- 5) What is margin of safety?
- 6) What is unfavourable variance?
- 7) What is a master budget?

	Rs
8) Equity share capital	10,00,000
10% pref.sh.capital	5,00,000
18% debentures	8,00,000
Long term loan at 15%	1,40,000
Current liabilities	3,00,000
General reserve	8,00,000

Find out capital gearing ratio from the above particulars.

- 9) From the following information, find out the amount of profit earned during the year using marginal costing technique.

Fixed cost	Rs. 5,00,000
Variable cost Rs	10 per unit
Selling price Rs	15 per unit
Output level	1,50,000 units.
- 10) The standard material and standard cost per kg. of material required for the production of one unit of product A is as follows: material 5 kg- standard price Rs 5 per kg – the actual production and related material data are as follows: 400 units of product A – material used 2200 kg's – price of material Rs 4.50 per kg. Calculate material cost variance.

**PART – B**

**(5 X 8= 40 marks)**

**ANSWER ANY FIVE QUESTIONS:**

- 11) Differentiate between management accounting and financial accounting
- 12) What are the limitations of Ratio Analysis?
- 13) Bring out the importance of fund flow statement.
- 14) Explain the advantages of marginal costing.
- 15) From the following data calculate: a) gross profit ratio, b) net profit ratio, c) return on total assets, d) inventory turnover ratio. All amounts in rupees.  
Sales → 25,20,000 ; Cost of sales → 19,20,000; Net profit → 3,60,000; Inventory → 8,00,000;  
other current assets → 7,60,000; Fixed assets → 14,40,000; Net worth → 15,00,000;  
Debt → 9,00,000; Current liabilities → 6,00,000.
- 16) From the following information relating to a company you are required to find out  
a) Contribution b) BEP in units c) Margin of safety d) Profit e) The volume of sales to earn a profit of Rs.6,000.  
  
Total fixed costs Rs. 4,500; Total variable costs Rs. 7,500; Total sales Rs 15,000; Units sold 5000.
- 17) A manufacturing concern which has adopted standard costing, furnished the following information:  
Standard: material for 70 kg finished products: 100 kg  
Price of materials Re. 1 per kg  
Actual : output 2,10,000 kg, material used 2,80,000 kg, cost of material Rs. 2,52,000  
Calculate a. material usage variance, b. material price variance, c. material cost variance.

**(P.T.O.) -1-**

18) Ram and Co. presents the following information and you are required to calculate funds from operations:

**Profit and Loss account**

	Rs		Rs
To operation expenses	1,00,000	By gross profit	2,00,000
To depreciation	40,000	By gain on sale of plant	20,000
To loss on sale of building	10,000		
To advertisement suspense account	5,000		
To discount allowed	500		
To discount on issue of shares written off	500		
To goodwill written off	12,000		
To net profit	52,000		
	2,20,000		2,20,000

**PART – C**

**(2 X 20 = 40 marks)**

**ANSWER ANY TWO QUESTIONS**

19) From the following balance sheets of X Ltd make out (a) statement of changes in working capital (b) fund flow statement.

**BALANCE SHEET**

LIABILITIES	1999 Rs	2000 Rs	ASSETS	1999 Rs	2000 Rs
Equity share capital	3,00,000	4,00,000	goodwill	1,15,000	90,000
Redeemable preference share capital	1,50,000	1,00,000	Land and buildings	2,00,000	1,70,000
General reserve	40,000	70,000	Plant	80,000	2,00,000
Profit and loss	30,000	48,000	Debtors	1,60,000	2,00,000
Proposed dividend	42,000	50,000	Stock	77,000	1,09,000
Creditors	55,000	83,000	Bills receivable	20,000	30,000
Bills payable	20,000	16,000	Cash	15,000	10,000
Provision for taxation	40,000	50,000	bank	10,000	8,000
	6,77,000	8,17,000		6,77,000	8,17,000

i) Depreciation of Rs. 10,000 and Rs 20,000 have been charged on plant and land and buildings respectively in 2000. ii) A dividend of Rs 20,000 has been paid in 2000. iii) Income tax of Rs 35,000 has been paid during 2000.

20) A company expects to have Rs 37,500 cash in hand on 1<sup>st</sup> April, and requires you to prepare an estimate of cash position during 3 months April, may and June. The following information is supplied to you.

month	sales	purchases	wages	Factory expenses	Office expenses	Selling expenses
Feb	75,000	45,000	9,000	7,500	6,000	4,500
March	84,000	48,000	9,750	8,250	6,000	4,500
April	90,000	52,500	10,500	9,000	6,000	5,250
May	1,20,000	60,000	13,500	11,250	6,000	6,570
june	1,35,000	60,000	14,250	14,000	7,000	7,000

Other information:

- Period of credit allowed by suppliers two months.
- 20% of sales is for cash, and period of credit allowed to customers is one month.
- Delay in payment of all expenses one month
- Income tax of Rs 57,500 is due to be paid on june 15<sup>th</sup>.
- The company is to pay dividends to shareholders and bonus to workers of Rs 15,000 and 22,500 respectively in the month of april.
- Plant has been ordered to be received and paid in May. It will cost Rs 1,20,000

21) The company gives you the following data for the year 2004.

	Rs
Variable cost	6,00,000
Fixed cost	3,00,000
Net profit	1,00,000
Sales	10,00,000

Find a) P/V ratio, b) BEP, c) profit when sales amounted to Rs 12,00,000 d) sales required to earn a profit of Rs.2,00,000.

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