



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.B.A. DEGREE EXAMINATION – BUSINESS ADMINISTRATION

SIXTH SEMESTER – APRIL 2015

BU 6603/BU 6600 – MANAGEMENT ACCOUNTING

Date : 25/04/2015

Dept. No.

Max. : 100 Marks

Time : 09:00-12:00

PART-A

Answer ALL Questions:

(10x2=20marks)

1. Define Management Accounting.
2. Current ratio 2.5; Working capital Rs.60,000; Calculate current assets and current liabilities.
3. Choose the correct answer:-
 - a. Zero Base Budgeting refers to
 - a) Short term and Long term Budgeting
 - b) Performance reporting
 - c) Responsibility Accounting
 - d) Justification of every item in the budget afresh.
 - b. Management Accounting helps Management in
 - a) Preparation of Final Accounts
 - b) Raising Finance
 - c) Filing Tax returns
 - d) Decision making
4. State whether the following statements are True or False:
 - a. Increase in current assets results in increase of working capital.
 - b. Decrease in current liabilities decreases working capital.
5. Calculate the stock turnover ratio from the following:
 - a) Cost of goods sold Rs.65,000
 - b) Sales Rs.1,00,000
 - c) Average stock Rs.15,000
6. From the following prepare production budget:

Product	Opening Stock	Estimated Sales	Closing Stock
A	2,000	10,000	5,000
B	3,000	15,000	4,000
C	4,000	13,000	3,000
D	5,000	12,000	2,000

7. From the following information, Prepare funds flow statement:

	Rs.
Issue of shares	1,00,000
Funds from operations	20,000
Sales of machinery	10,000
Redemption of debentures	60,000
Purchase of building	50,000
Increase in working capital	20,000

8. From the following information, prepare marginal cost statement:

Fixed cost	-	Rs.5,00,000
Variable cost	-	Rs.10 per unit
Selling cost	-	Rs.15 per unit
Output level	-	1,50,000 units

9. Calculate the earnings per share (EPS)

- Net Profit before tax Rs.50,000; tax rate 50%
- 10% preference share capital (Rs.10 each) Rs.50,000
- Equity share capital (Rs.10 each) Rs.50,000

10. (a) Net worth refers the _____

(b) Liquid ratio is also called _____

PART-B

Answer any FOUR Questions:

(4x10=40 marks)

11. What are the various objectives of management Accounting?

12. Enumerate the advantages of Budgetary control.

13. From the following particulars Calculate (a)Material price variance
(b)Material usage variance and
(c)Material cost variance

Materials Purchased	-	3,000kgs at Rs.6 per kg.
Standard quantity of material fixed for one unit of finished product - 25kgs at Rs.4 per kg.		
Opening stock of material	-	Nil
Closing stock of material	-	500kgs
Actual output during the period	-	80 units

14. Draw up a flexible budget for production at 75% and 100% capacity on the basis of the following data for a 50% activity.

	Rs. Per Unit
Materials	- 100
Labour	- 50
Variable expenses (direct)	- 10
Administrative expenses (50% fixed)	- 40,000
Selling and distribution expenses(60% fixed)	- 50,000
Present production (50% activity)	- 1,000 units

15. Prepare a schedule of changes in working capital from the following Balance Sheet:

BALANCE SHEET

Liabilities	1998 Rs.	1999 Rs.	Assets	1998 Rs.	1999 Rs.
Share Capital	50,000	50,000	Fixed Assets	18,000	28,000
10% Debentures	10,000	20,000	Investments:		
Bills payable	18,000	6,000	Non-Trading	10,000	10,000
Outstanding Expenses	6,000	9,000	Trading	8,000	9,000
Trade Creditors	33,000	40,000	Inventories	12,000	18,000
			Trade Debtors	40,000	48,000
			Accrued interest	4,000	6,000
			Unexpired insurance	-	3,000
			Cash at Bank	17,000	2,000
			Cash in hand	8,000	1,000
Total	1,17,000	1,25,000	Total	1,17,000	1,25,000

16. 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: a) P/V Ratio, b) Break-even point, c) Sales required to earn a profit of Rs.40,000

d) Fixed expenses and e) Profit, when sales are Rs.1,20,000.

17. From the following Balance sheet Compute

Balance sheet of Sundaram Ltd. as on 31-12-98

Liabilities	Rs.	Assets	Rs.
Equity share capital	2,00,000	Goodwill	1,20,000
Reserves	40,000	Fixed Assets	2,80,000
Profit & Loss A/c.	60,000	Stock	80,000
Secured Loans	1,60,000	Debtors	40,000
Creditors	1,00,000	Bills Receivable	20,000
Provision for tax	40,000	Cash	60,000
Total	6,00,000	Total	6,00,000

- a) Fixed Assets ratio
- b) Debt equity ratio
- c) Proprietary ratio
- d) Current ratio
- e) Liquid ratio.

PART-C

Answer any TWO Questions:

(2 x 20 = 40 marks)

18. Enumerate the advantages & limitations of Ratio Analysis.

19. From the following information, you are required to prepare a Balance Sheet.

- a) Current ratio : 1.75
- b) Liquid ratio : 1.25
- c) Stock turnover ratio (cost of sales/closing stock) : 9
- d) Gross Profit ratio : 25%
- e) Debt collection period : 1.5months
- f) Reserves and surplus to capital : 0.2
- g) Fixed assets turnover (on cost of sales) : 1.2
- h) Capital gearing ratio (Long-term debt to share capital): 0.6
- i) Fixed assets to net worth : 1.25
- j) Sales for the year : Rs.12,00,000

20. The following is the Comparative Balance Sheets of Pratima & Co.Ltd. as on 30th June 1987 and 30th June 1988.

BALANCE SHEET

Liabilities	30-6-1987 Rs.	30-6-1988 Rs.	Assets	30-6-1987 Rs.	30-6-1988 Rs.
Share Capital	1,80,000	2,00,000	Goodwill	24,000	20,000
Reserve Fund	28,000	36,000	Buildings	80,000	72,000
P & L A/c.	39,000	24,000	Machinery	74,000	72,000
Trade Creditors	16,000	10,800	Investments	20,000	22,000
Bank Overdraft	12,400	2,600	Inventories	60,000	50,800
Provision for Taxation	32,000	34,000	Debtors	40,000	44,400
Provision for doubtful debts	3,800	4,200	Cash	13,200	30,400
Total	3,11,200	3,11,600	Total	3,11,200	3,11,600

Additional Information:

Depreciation charged on machinery Rs.10,000 and on buildings Rs.8,000/-.

Investments sold during the year Rs.3,000/-.

- i. Rs.15,000 interim dividend paid during January 1988.
- ii. Taxes paid during the year Rs.30,000/-

Prepare a) a statement of changes in working capital.

b) a funds flow statement.

21. From the following data, Forecast the cash position at the end of April, May and June 1998.

Month 1998	Sales Rs.	Purchases Rs.	Wages Rs.	Sundry Expenses Rs.
February	1,20,000	80,000	10,000	7,000
March	1,30,000	98,000	12,000	9,000
April	70,000	1,00,000	8,000	5,000
May	1,16,000	1,03,000	10,000	10,000
June	85,000	80,000	8,000	6,000

Further information:

Sales at 10% realised in the month of sales. Balance equally realised in two subsequent months.

Purchases: Creditors are paid in the month following the month of supply.

Wages: 20% paid in arrears in the following month.

Sundry expenses paid in the month itself.

Income tax Rs.20,000 payable in June.

Dividend Rs.12,000 payable in June.

Income from investments Rs.2,000 received half-yearly in March and September.

Cash balance on hand as on 1-4-88 Rs.40,000.

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