



**LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034**

**B.B.A. DEGREE EXAMINATION – BUSINESS ADMINISTRATION**

SIXTH SEMESTER – APRIL 2017

**BU 6603- MANAGEMENT ACCOUNTING**

Date: 06-05-2017  
Time: 09:00-12:00

Dept. No.

Max. : 100 Marks

**PART – A**

**ANSWER ALL QUESTIONS.**

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

1. Define management accounting.
2. Find out operating ratio and operating profit ratio.  
Cost of goods sold = Rs 180000  
Other operating expenses = Rs 30000  
Net sales = Rs 300000
3. Calculate Average collection period from the following.  
Credit sales for the year Rs 30000  
Debtors- Rs 2500  
Bills receivable – Rs 3000
4. Ascertain the change in working capital from the following.
  - a) Increase in some items of current assets – Rs 12000
  - b) Decrease in some items of current assets –Rs 9000
  - c) Increase in some items of current liability –Rs 10000
  - d) Decrease in some items of current liabilities – Rs 12000
5. Find out the funds from operations from the details given below.  
Net profit for the year 2006 – 2007 – Rs 95000  
Depreciation charged on fixed assets- Rs 42000  
Profit on sale of long term investments included in the P & L a/c – Rs 13000  
Goodwill written off – Rs 20000
6. Calculate P/V ratio from the data given below  
2006 : sales Rs 600000      Profit – Rs 100000  
2007: Sales –Rs 1000000      Profit – Rs 180000
7. Explain the meaning of Break-Even point.
8. Define Budgetary Control.
9. List out four objectives of budgetary control.
10. What is Overhead variance Analysis?

**PART – B**

**Answer any four questions.**

**(4 x 10 = 40 Marks)**

11. Explain in detail the functions of management accounting.
12. Discuss the application of Marginal Costing Techniques in Managerial decision making.
13. The following figures relate to the trading activities of a company for the year ended 31-12-1987

Particulars	Rs.	Particulars	Rs.
Sales	100000	Salary of salesman	1800
Purchases	70000	Advertising	700
Closing stock	14000	Travelling expenses	500
Sales returns	4000	Salaries(office)	3000
Dividend Received	1200	Rent	6000
Profit on sale of fixed assets	600	Stationery	200
Loss on sale of shares	300	Depreciation	1000
Opening stock	11000	Other expenses	2000
		Provision for tax	7000

You are required to calculate

- (1) Gross profit ratio (2) Operating profit ratio (3) Operating ratio (4) Net profit ratio

14. Calculate funds from operations from the following

**Profit and Loss Account**

Particulars	Rs	Particulars	Rs
To Rent	10,000	By Gross	9,86,000
To salary	25,000	profit	
To Depreciation on furniture	3,000		
To Discount on issue of shares	10,000		
To Goodwill written off	5,000		
To preliminary expenses	6,000		
To Netprofit	9,27,000		
Total	9,86,000	Total	9,86,000

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

Ascertain overhead rates at 50%,60% and 70% capacity.

Variable overheads                      At 60% capacity

Rs.

Indirect material                      6,000

Indirect labour                      18,000

Semi variable overheads

Electricity(40% fixed)              30,000

Repairs(80%fixed)	3,000
Fixed overheads	
Depreciation	16,500
Insurance	4,500
Salaries	<u>15,000</u>
Total overheads	<u>93,000</u>
Estimated direct labourhours	1,86,000

16. You are required to prepare a production budget for the half year ending June 2000 from the following information.

Product	Budgeted Sales Quantity	Actual Stock on 31.12.1999	Desired stock on 30.6.2000
	Units	Units	Units
S	20000	4000	5000
T	50000	6000	10000

17. Calculate material cost variances from the following data:

	Standard	Actual
Quantity	400 Kgs	460 Kgs
Price	Rs.2 per Kg	Rs.1.5 per Kg
Value	Rs.800	Rs.690

### PART – C

ANSWER ANY TWO QUESTIONS.

(2x 20 = 40 Marks)

18. Bring out the differences between Financial accounting and Management accounting.

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

Year	Sales RS	Profit RS
2007	140000	15000
2008	160000	20000

Calculate a) P/V ratio b) Break-even point c) Sales required to earn a profit of Rs 40000  
d) Fixed expenses e) profit when sales are Rs 120000

20. From the following Balance Sheets of A Ltd., make out:

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

### BALANCE SHEETS

Liabilities	31 <sup>st</sup> March		Assets	31 <sup>st</sup> March	
	1995 Rs.	1996 Rs.		1995 Rs.	1996 Rs.
Equity Share Capital	3,00,000	4,00,000	Goodwill	1,15,000	90,000
Pref. Share Capital	1,50,000	1,00,000	Land & Buildings	2,00,000	1,70,000
General Reserve	40,000	70,000	Plant	80,000	2,00,000
Profit & Loss A/c	30,000	48,000	Debtors	1,60,000	2,00,000
Proposed Dividends	42,000	50,000	Stock	77,000	1,09,000
Creditors	55,000	83,000	Bills Receivables	20,000	30,000
Bills Payable	20,000	16,000	Cash in hand	15,000	10,000
Provision for taxation	40,000	50,000	Cash at bank	10,000	8,000
	<b>6,77,000</b>	<b>8,17,000</b>		<b>6,77,000</b>	<b>8,17,000</b>

Additional information:

- (i) Depreciation of Rs.10,000 and Rs.20,000 have been charged on Plant and Land& Building respectively in 1996.
- (ii) An interim dividend of Rs.20,000 has been paid in 1996.
- (iii) Income tax Rs.35,000 was paid during 1996.

21. 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. 300000

Stock turnover ratio – 6 times

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