

# LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034



## B.Com.DEGREE EXAMINATION –CORPORATE SECRETARYSHIP

SIXTH SEMESTER – APRIL 2018

### BC 6600– MANAGEMENT ACCOUNTING

Date: 03-05-2018

Dept. No.

Max. : 100 Marks

Time: 09:00-12:00

#### Part – A

Answer all Questions:

(10 x 2 = 20 Marks)

1. Define Management Accounting.
2. What is the scope of Management Accounting?
3. Explain the objectives of budgetary control.
4. What is 'Ratio Analysis'?
5. What is 'Standard Cost'?
6. Rahim Ltd. has average sales of 10% for cash and 90% on credit. Credit customers are allowed to pay 50% after one month and the balance after one more month. Ascertain the total cash collected in April 2005 from the following details:  
Sales: January: Rs.50,000; February Rs.75,000; March Rs.1,00,000; April Rs.1,50,000
7. Ascertain the change in working capital from the following:

(a) Increase in some items of current assets	Rs.12,000
(b) Decrease in some of items of current assets	Rs.9,000
(c) Increase in some items of current liabilities	Rs.10,000
(d) Decrease in some items of current liabilities	Rs.12,000
8. Calculate P/V Ratio from the data given below:

2006 : Sales Rs. 6,00,000;	Profit Rs.1,00,000
2007 : Sales Rs. 1,00,000;	Profit Rs.1,80,000
9. Calculate material cost variance for the following

Particulars	Standard	Actual
Quantity	400 Kg	460 kg
Price	Rs.2 per kg	Rs.1.50 per kg
10. Ascertain Operating Profit Ratio from the following details.

Net profit after Tax	Rs.50,000
Profit on sales of buildings	Rs.30,000
Loss on sale of land	Rs.20,000
Preliminary expenses written off	Rs.10,000
Provision for tax	Rs.40,000
Interest on debenture paid	Rs.20,000
Net sales	Rs.7,00,000

**Part – B**

**Answer any Four**

**(4x10=40 Marks)**

- 11. Distinguish between Funds Flow Statement and Balance Sheet.
- 12. Explain the ‘Tools and Techniques’ of Management Accounting.
- 13. Following are the details relating to the trading activities of A Ltd.

Stock velocity - 8 months

Debtor’s velocity - 3 months

Creditor’s velocity - 2 months

Gross profit ratio - 25 %

Gross profit for the year Rs. 4,00,000. Bills Receivable Rs.25000 and Bills payable Rs.10,000. Closing stock of the year is Rs.10,000 more than the opening stock . Find out (a) Sales (b) Debtors (c) closing stock and (d) Creditors.

- 14. Prepare a Flexible Budget for overheads on the basis of the following data . Ascertain overheads rate at 50%, 60% and 70% capacity.

<b>Variable overheads:</b>	<b>At 60% Capacity</b>
Indirect materials	6,000
Indirect Labour	18,000
<b>Semi-variable overheads:</b>	
Electricity (40% fixed 60% variable)	30,000
Repairs (80% fixed 20% variable )	3,000
<b>Fixed overheads:</b>	
Depreciation	16,500
Insurance	4,500
Salaries	15,000
	-----
<b>Total overheads</b>	<b>93,000</b>
	-----
Estimated direct Labour hours	1,86,000

- 15. Assuming that the cost structure and selling prices remain the same in periods I and II . find out
  - (i) Profit volume ratio
  - (ii) Fixed Cost
  - (iii) Break Even point for sales
  - (iv) Profit when sales are Rs.1,00000
  - (v) sales required to earn a profit of Rs.20,000
  - (vi) margin of safety at a profit of Rs.15,000 and
  - (vii) Variable cost in period II

Period	Sales	Profit
I	Rs.1,20,000	Rs.9,000
II	Rs.1,40,000	Rs.13,000

16. From the following details, calculate funds from operations.

Salaries	Rs. 5,000
Rent	Rs.3,000
Depreciation	Rs.5,000
Provision for tax	Rs.4,000
Loss on sale of plant	Rs.2,000
Opening balance of P&L	Rs.25,000
Transfer to General Reserve	Rs.1,000
Goodwill written off	Rs.2,000
Dividend Received	Rs.5,000
Refund of tax	Rs.3,000
Profit of sale of building	Rs.5,000
Closing balance of P&L A/c	Rs.60,000
Discount on issue of debentures	Rs.2,000
Provision for bad debts	Rs.1,000
Preliminary expenses written off	Rs.3,000
Proposed dividend	Rs.6,000

17. The management of B company Ltd., are considering the sales budget for the next budget period. You are required to present to the management a statement showing

- (i) The marginal cost of each product, and
- (ii) To recommend which of the following sales mixes should be adopted
  - (a) 1,800 units of X
  - (b) 1,200 units of Y
  - (c) 1,200 units of X and 400 units of Y
  - (d) 900 units of X and 600 units of Y

The chief accountant has ascertained the following information

	Product X	Product Y
Direct Materials	Rs.10 per unit	Rs.12.50 Per unit
Selling price	Rs.30 per unit	Rs.50 per unit
Direct Labour at 25 paise per hour	20 hours	30 hours
Variable overheads: 100 % of Labour		
Fixed overheads: Rs.10,000		

### Part – C

Answer any Two

(2x20=40 Marks)

18. Explain the Scope and objectives of Management Accounting.

19. From the balance sheets of XYZ Ltd., Prepare a Fund Flow Statement

Liabilities	2005	2006	Assets	2005	2006
Equity share capital	3,00,000	4,00,000	Goodwill	1,15,000	90,000

Pref. Share capital	1,50,000	1,00,000	Building	2,00,000	1,70,000
General reserve	40,000	70,000	Plant	8,00,00	2,00,000
Profit and loss a/c	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	B/R	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
	=====	=====		=====	=====

Additional information

- Depreciation of plant Rs.10,000 and on building was Rs.20,000 charged during the year
- An interim dividend of Rs.20,000 has been paid in 2006
- Income tax Rs.35,000 was paid during 2006

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

Month	Sales	Purchases	Wages	Sales expenses
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 % realized in the month of sales. Balance equally realized in two subsequent months.

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

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.

\*\*\*\*\*