



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.com. DEGREE EXAMINATION – CORPORATE SEC.

SIXTH SEMESTER – NOVEMBER 2013

BC 6600 – MANAGEMENT ACCOUNTING

Date : 13/11/2013
Time : 1:00 - 4:00

Dept. No.

Max. : 100 Marks

PART - A

ANSWER ALL THE QUESTIONS:

(10x2=20 Marks)

1. Define Management accounting.
2. What do you mean by flexible budget?
3. What is EPS?
4. What is Margin of Safety?
5. What are the internal sources of funds?
6. Calculate BEP: Sales – Rs.1,00,000, Fixed Cost – Rs.32,000, Variable Cost- Rs.20,000.
7. Compute Stock Turnover Ratio: Average Inventory Rs. 2,00,000, Sales- Rs.10,00,000
8. Proposed Dividend for the year 2008 – Rs. 2,65,000
Proposed dividend during the year2009 – Rs. 2,90,000
Tax Paid during the 2009 – Rs.3,00,000
Find out the Proposed dividend account.
9. Calculate funds from operation: Net Profit- Rs.54,000, Goodwill written off- 12,000, Transferred to general reserve- Rs.24,000, Depreciation – Rs.25,000, Profit on sale of assets- Rs.7,000, Loss on sale of asset- Rs.8,000.
10. Product A requires 10 Kgs of material at the rate of Rs.4 per Kg. The actual consumption of material for the manufacturing of product A came to 12 Kgs of material at Rs.4.50 per Kg. calculate material usage variance.

PART – B

ANSWER ANY FIVE QUESTIONS:

(5x8=40 Marks)

11. State any five differences between financial accounting and Management accounting.
12. What are the assumptions in Break Even Analysis.
13. State the limitations of Ratio Analysis.
14. From the following information find out a) fixed assets ratio b) capital gearing ratio

LIABILITIES	AMOUNT	ASSETS	AMOUNT
Equity capital	2,00,000	Fixed assets	3,60,000
9% preference Capital	1,00,000	Stock	50,000
8% Debentures	1,00,000	Debtors	1,10,000
Profit & Loss a/c	40,000	Bills Receivable	6,000
Creditors	90,000	Bank Balance	4,000
	5,30,000		5,30,000

15. The summarized Balance Sheets of Ms.Kiruba & Co as on 31-12-2010 and 31-12-2011 are furnished, prepare a Schedule of changes in Working Capital.

LIABILITIES	2010	2011	ASSETS	2010	2011
Share capital	12,00,000	16,00,000	Plant and machinery	8,00,000	12,90,000
Debentures	4,00,000	6,00,000	Land and building	6,00,000	8,00,000
P& L a/c	2,50,000	5,00,000	Stock	6,00,000	7,00,000
Creditors	2,30,000	1,80,000	Bank	40,000	80,000
Bad & Doubtful debts	12,000	6,000	Preliminary expenses	14,000	12,000
Depreciation on land & building	40,000	48,000	Debtors	1,38,000	1,22,000
Depreciation on plant & Machinery	60,000	70,000			
	21,92,000	30,04,000		21,92,000	30,04,000

16. A Manufacturing company incurs Rs.6 per unit to produce a spare part but the same product is available in the market for Rs.5.60 per unit with an assurance of continued supply. The cost data is:

Rs.

Material – 2.00

Labour – 2.50

Other Variable overhead – Re.0.50

Fixed cost allocated Re.1 per unit.

a) Suggest him whether the product should be made or bought?

b) In case if the product is available in the market at Rs.4.60 will your answer be different?

17. Prepare a production budget for the half year ending june 2011 from the following information;

PRODUCT	BUDGETED SALES- UNITS	ACTUAL STOCK AS ON 31-12-2010 UNITS	DESIRED STOCK AS ON 30-06-2011 UNITS
A	20,000	4,000	5,000
B	50,000	6,000	10,000

18. Calculate sales Value variance and sales price variance.

Particulars	Standard			Actual		
	Qty.	S.P.	Total	Qty.	S.P.	Total
Product N	500	5.00	2500	625	5.4	3375
Product S	700	8.00	5600	875	8.2	7175

PART – C

ANSWER ANY TWO QUESTIONS:

(2x20=40)

19. From the following information, prepare an income statement and the Balance sheet.

Net sales = Rs.1,00,000

Debtors turnover based on net sales = 2

Inventory turnover = 1.25

Fixed assets turnover on sales = 0.8

Debt assets ratio = 0.6

Net profit margin (after tax) = 5%

Gross profit margin = 25%

Return on investment on assets= 2%

Rate of tax = 50%

Short term debt = Rs.50,000

20. Prepare Fund Flow statement from the following information
Balance Sheet

Liabilities	2008	2009	Assets	2008	2009
Share capital	600000	700000			
General reserve	200000	250000	Fixed asset	800000	950000
Profit on sale of investment	-	10000	Investment	180000	180000
P&L A/c	100000	200000	Stock	200000	270000
7% debenture	300000	200000	Debtors	225000	245000
Creditors	160000	250000	Bills receivable	40000	65000
Bills payable	10000	12000	Prepaid expenses	10000	12000
Proposed dividend	30000	35000	Discount on debentures	15000	10000
Provision for tax	70000	75000			
	14,70,000	17,32,000		14,70,000	17,32,000

Adjustments:

- During 2009 fixed assets (Book value Rs.10, 000 and Depreciation Written off Rs.30, 000) were sold for Rs.8, 000.
- During 2009 investment costing Rs.80, 000 were sold and new investments were bought for Rs.80, 000.
- Debentures were redeemed at a premium of 10%.
- During 2009 income tax paid was Rs.55,000
- Provision for depreciation as on 31-12-2008, Rs. 2, 00,000: and as on 31-12-2009, Rs.2, 50,000.

21. The following data are obtained from the records of a factory:

Sales 4,000 units at Rs. 25 each	<u>1,00,000</u>
Materials consumed	40,000
Variable overheads	10,000
Labour charges	20,000
Fixed overheads	<u>18,000</u>
	Total cost <u>88,000</u>
Net profit	12,000

Find Out

- B.E.P
- Sales needed to earn a profit of 20% on sales
- The extra units to be sold, if selling price reduced by (a) 20% and (b) 25%
- BEP, when sale is increased by 1,000 units.

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