



LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

B.Com. DEGREE EXAMINATION – CORPORATE SECRETARYSHIP

FIFTH SEMESTER – NOVEMBER 2014

BC 5506 - MANAGEMENT ACCOUNTING

Date : 01/11/2014

Dept. No.

Max. : 100 Marks

Time : 09:00-12:00

PART – A

Answer ALL questions

(10x2=20 marks)

1. List out any two uses of management accounting.
2. What is Zero Base Budgeting?
3. What is marginal cost?
4. What is dividend yield ratio?
5. What is "Standard cost"?
6. Prepare Production Budget for the Quarter ending 31st March 2004:

Particulars	Tons
Budgeted sales for the quarter	40,000
Stock on 31 st December 2003	8,000
Required stock on 31 st March 2004	10,000

7. Find out the funds from operations from the details given below:

Particulars	Rs.
Net profit for the year 2006-2007	95,000
Depreciation charge on Fixed assets	42,000
Profit on sale of Long term Investments included in the P&L A/c.	13,000
Goodwill written off	20,000

8. Compute the Margin of safety:

Profit	Rs. 2,25,000
P/V Ratio	40%

9. Standard material allowed to produce 100 units of finished product: 20 kgs at Rs.10 per kg.

Actual output 7,200 units

Actual material used: 1,600 kg

Compute material quantity variance.

10. Calculate Stock turnover ratio from the following information.

Opening stock	Rs.40,000
Closing stock	Rs.44,000
Cost of sales	Rs.3,32,000

PART – B

Answer any FOUR questions

(4x10=40marks)

11. Define Management Accounting what are its characteristics?
12. What is “Ratio Analysis”? Discuss its advantages.
13. What are the limitations of marginal costing?
14. Prepare a schedule of changes in working capital from the following Balance Sheets:-

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	Non-trading investments	10,000	10,000
Bills payable	18,000	6,000	Trading investments	8,000	9,000
Outstanding expenses	6,000	9,000	Inventories	12,000	18,000
Trade Creditors	33,000	40,000	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
	1,17,000	1,25,000		1,17,000	1,25,000

15. From the following information, calculate

(a) Break-even point

(b) Number of units that must be sold to earn a profit of Rs.60, 000 per year .

(c) Number of units that must be sold to earn a net income of 10% on sales.

Sales price -Rs.20per unit

Variable cost -Rs.14per unit

Fixed cost -Rs79, 200

16. The following data is gathered from the records of Samuel & Co., for the month of January 1997.

Standards for labour:

Rate: Rs.50 per labour hour

Hours set per unit: 10 hours

Actual data for the month:

Units produced: 1,000

Hours worked: 12,000

Actual labour cost : Rs.7,20,000

You are required to calculate labour variances.

17. A company which supplies its output on contract basis as component to an assembling firm has a contract to supply 10,000 units of its only product during 1999. The following were the budgeted expenses and revenues.

Material Rs.15 per unit

Wages Rs.10 per unit

Works expenses-(Fixed) Rs.40,000

Works expenses-(variable) Rs.4 per unit

General expenses (all fixed) Rs.60,000

Profit is 20% on sale price.

Prepare the budget for 1999 showing the costs and profit.

PART – C

Answer any TWO questions

(2x20=40marks)

18. (a) How does marginal costing differ from absorption costing?
(b) Explain the scope of Management Accounting.

19. 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.)	Sales 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 on 1.4.98 Rs.40,000

20. From the following information of Product No.888, calculate

- (i) Material cost variance
- (ii) Material price variance
- (iii) Material usage variance
- (iv) Material mix variance
- (v) Material subusage variance

Material	Standard Quantity(Kgs)	Standard price(Rs.)	Actual Quantity(Kg)	Actual price(Rs.)
X	20	5	24	4.00
Y	16	4	14	4.50
Z	12	3	10	3.25
	48		48	

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

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

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