

**SHRIMATHI DEVKUNVAR NANALAL BHATT VAISHNAV COLLEGE FOR WOMEN
(AUTONOMOUS)**

(Affiliated to the University of Madras and Re-accredited with 'A+' Grade by NAAC) Chromepet,
Chennai — 600 044.

BCOM.(CS) END SEMESTER EXAMINATION APRIL/NOV - 2021

SEMESTER - VI

18UBCCT6A17 – MANAGEMENT ACCOUNTING

Total Duration : 3 Hrs	Total Marks : 75
MCQ : 30 Mins	MCQ : 15
Descriptive : 2 Hrs.30 Mins	Descriptive : 60

Section B

Answer any **SIX** questions (6 × 5 = 30 Marks)

1. What is Management Accounting? State the Nature.
2. The following are the income statements of R&D Ltd., for the year ending 31st December 2005 and 2006. You are required to prepare a Comparative Income Statement for the two years:

Particulars	31.12.2005 (Rs.)	31.12.2006 (Rs.)
Net Sales	10,00,000	12,00,000
Cost of goods sold	5,50,000	6,05,000
Operating expenses:		
Administration	80,000	1,00,000
Selling	60,000	80,000
Non-Operating expenses:		
Interest	40,000	50,000
Income-tax	50,000	80,000

3. Standard cost of Product AB Manufactured by Ram International is furnished below:

Material (5 units @ Rs.4 each) Rs.20

Labour (20 hours @ Rs.1.50 per hour) Rs.30

Overhead expense Rs.10

Total Product cost Rs.60

Actual Units produced were 8000 units and Actual cost is as follows:

Material (40,500 units @ Rs.5 each) Rs.2,02,500

Labour (1,50,000 hours @ Rs.1.60 per hour) Rs. 2,40,000

Overhead expenses Rs.90,000

Total cost Rs.5,32,500

Based on the above Calculate Variance analysis for each component of Cost.

4. Calculate the Debtors Turnover Ratio from the following:

Total Sales for the year 2007 Rs.1, 00,000

Cash Sales for the year 2007 Rs. 20,000

Debtors as on 1.1.2007 Rs. 10,000

Debtors as on 31.12.2007 Rs. 15,000

Bills receivable as on 1.1.2007 Rs. 7,500

Bills receivable as on 31.12.2007 Rs. 12,500

Condt...

5. Calculate Funds from Operations from the following Profit and Loss AC:

Particulars	Rs.	Particulars	Rs.
To Expenses paid	3,00,000	By Gross Profit	4,50,000
To Depreciation	70,000	By Gain on sale of land	60,000
To Loss on sale of Machine	4,000		
To Discount	200		
To Goodwill	20,000		
To Net Profit	1,15,800		
	5,10,000		5,10,000

6. Ascertain operating profit before working capital changes from the following details:

Net Profit before Tax and extraordinary items Rs. 2,00,000

Dividend received on Long term investment in shares Rs. 40,000

Interest received on Long term investment in debentures of other companies Rs.30,000

Goodwill written off Rs.20,000

Discount on issue of shares written off Rs.10,000

Preliminary expenses written off Rs.25,000

Depreciation charged on Fixed Assets Rs.65,000

Profit on Sale of equipment Rs.10,000

Loss on Sale of Long Term Investments Rs. 8,000

7. Prepare a Production Budget from the following information:

Product	Estimated stock on 1.1.2008(units)	Estimated sales during Jan. to March 2008(units)	Desired Closing stock on 31.12.2008(units)
R	2,000	10,000	3,000
S	3,000	15,000	5,000
U	4,000	13,000	3,000
P	3,000	12,000	2,000

8. The Sales turnover and profit during two years were as follows:

Year	Sales (Rs.)	Profit (Rs.)
2001	1,40,000	15,000
2002	1,60,000	20,000

Calculate:

- PV Ratio
- Break-even point
- Sales required to earn a Profit of Rs.40,000
- Fixed expenses and
- Profit when sales are Rs.1,20,000

Section C

Answer any **THREE** questions (3 × 10 = 30 Marks)

9. Calculate the trend percentages from the following figures of X Ltd., taking 1989 as the base:
(Figures in Lakhs)

Year	Sales	Stock	Profit before tax
1989	1,881	709	321
1990	2,340	781	435
1991	2,655	816	458
1992	3,021	944	527
1993	3,768	1,154	672

Condt...

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10. From the following information make out a statement of proprietors fund with as many details as possible:
- Current Ratio 2.5
 - Liquidity Ratio 1.5
 - Proprietary ratio (fixed assets/proprietary fund) 0.75
 - Working capital Rs.60,000
 - Reserves and surplus Rs.40,000
 - Bank overdraft Rs.10,000
 - There is no long-term loan or fictitious asset.

11. Ram Ltd., furnish you the following Balance sheets for the year ending 31st December 1995-96. You are required to prepare a Cash Flow Statement for the year ending 31.12.1996.

Liabilities	1995 (Rs.)	1996 (Rs.)	Assets	1995 (Rs.)	1996 (Rs.)
Equity share capital	20,000	20,000	Goodwill	2,400	2,400
General reserve	2,800	3,600	Goodwill	8,000	7,200
Profit & Loss A/C	3,200	2,600	Building	7,400	7,200
Sundry Creditors	1,600	1,080	Investments	2,000	2,200
Outstanding expenses	240	160	Inventories	6,000	4,680
Provision for tax	3,200	3,600	A/Cs receivables	4,000	4,440
Provision for bad debts	80	120	Bank Balance	1,320	3,040
	31,120	31,120		31,120	31,160

Following additional information has been supplied:

- A piece of land has also been sold for Rs.800
 - Depreciation amounting to Rs.1,400 has been charged on building
 - Provision for taxation has been made for Rs.3,800 during the year.
12. 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	15,000
Total overheads	93,000
Estimated direct labour hours	1,86,000

13. A.G Ltd., furnished you the following related to the year 1996.

	First half of the year (Rs.)	Second half of the year (Rs.)
Sales	45,000	50,000
Total Cost	40,000	43,000

Condt...

Assuming that there is no change in prices and variable cost and that the fixed expenses are incurred equally in the 2 half year periods, Calculate for the year 1996:

- (a) The Profit Volume Ratio
- (b) Fixed expenses
- (c) Break even sales and
- (d) Percentage of Margin of Safety.