

**PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)**

**BCom (CS) DEGREE EXAMINATION DECEMBER 2019
(Sixth Semester)**

Branch - CORPORATE SECRETARYSHIP

MANAGEMENT ACCOUNTING

Time : Three Hours

Maximum : 75 Marks

SECTION-A (20 Marks)

Answer **ALL** questions

ALL questions carry **EQUAL** marks (10x2 = 20)

- 1 What is management accounting?
- 2 What is trend analysis?
- 3 What is called margin of safety?
- 4 What is PV ratio?
- 5 What is working capital?
- 6 Write the formula for calculating estimated production.
- 7 What is ROI?
- 8 Name the short term solvency ratios.
- 9 What is budgetary control?
- 10 What is fixed cost?

SECTION - B (25 Marks)

Answer **ALL** Questions

ALL Questions Carry **EQUAL** Marks (5x5 = 25)

- 11 a Explain the techniques used in management accounting.
OR
b The various steps required for installing management accounting.

- 12 a Calculate 'Liquidity ratio' from the following information:

| | |
|-----------------------|------------|
| Current liabilities = | Rs. 50,000 |
| Current assets | Rs. 80,000 |
| Inventories | Rs. 20,000 |
| Advance tax | Rs. 5,000 |
| Prepaid expenses | Rs. 5,000 |

OR

From the following details, calculate interest coverage ratio:

Net profit after tax Rs. 60,000; 15% long-term debt 10,00,000; and tax rate 40%.

- 13 a Find out funds from operations from the following data:

| Particulars | 31-12-2015 | 31-12-2016 |
|---|------------|------------|
| | Rs. | Rs. |
| Profit & loss appropriation account | 30,000 | 40,000 |
| General reserve | 20,000 | 25,000 |
| Goodwill | 10,000 | 5,000 |
| Preliminary expenses | 6,000 | 4,000 |
| Provision for depreciation on machinery | 10,000 | 12,000 |

OR

- b From the following balances calculate cash from operating activities:

| Particulars | 31-12-2014 | 31-12-2015 |
|-------------|------------|---------------------|
| P&LA/c | 50,000 | ills payable 10,000 |
| Debtors | 90,000 | 84,000 |
| Creditors | 40,000 | 52,000 |

13 b Cont...

| | | |
|----------------------------|--------|--------|
| Prepaid expenses | 3,200 | 2,800 |
| Bills payable | 30,000 | 32,000 |
| Outstanding expenses | 2,400 | 3,200 |
| Outstanding income | 1,600 | 1,800 |
| Income received in advance | 500 | 600 |

14 a Find out BEP sales, variable cost and profit for the year with the following data:

Margin of safety is 20%

PV ratio is 60%

Fixed cost = Rs. 30,000.

OR

b What are the features of marginal costing?

15 a Standard wage rate is Rs. 2 per hour and standard time is 10 hours. But actual wage rate is Rs. 2.25 per hour and actual hours used are 12 hours. Calculate labour cost variance.

OR

b For making 10 kg. of yarn, the standard material requirement is :

| Material | Quantity (kg.) | Rate per kg. (Rs.) |
|----------|----------------|--------------------|
| White | 8 | 6.00 |
| Black | 4 | 4.00 |

In March, 1,000 kg. of yam was produced. The actual consumption of materials is as under:

| Material | Quantity (kg.) | Rate per kg. (Rs.) |
|----------|----------------|--------------------|
| White | 750 | 7.00 |
| Black | 500 | 5.00 |

Calculate: (1) MCV (2) MPV (3) MUV.

SECTION - C 130 Marks)Answer any **THREE** Questions**ALL** Questions Carry **EQUAL** Marks (3 x 10 = 30)

16 The following are the balance sheets of a concern for the years 2010 and 2011. Prepare a comparative balance sheet and study the financial position of the concern.

| Liabilities | 2010 | 2011 | Assets | 2010 : | 2011 |
|----------------------|--------|--------|-------------------|--------|--------|
| Equity share capital | 3,000 | 4,000 | Land & building | 4,000 | 4,000 |
| General reserve | 3,000 | 3,000 | Plant & machinery | 6,500 | 8,000 |
| Profit & loss A/c | 1,400 | 2,660 | Furniture | 600 | 800 |
| 12% debentures | 5,000 | 4,000 | Stock | 1,500 | 1,200 |
| Sundry creditors | 630 | 720 | Debtors | 300 | 400 |
| Bills Payable | 80 | 150 | Cash at Bank | 150 | 50 |
| | | | Cash in Hand | 60 | 80 |
| | 13,110 | 14,530 | | 13,110 | 14,530 |

You have been given the following financial statements of Adarsh Eng. Co. Ltd. as at 31st December, 2002 and 2003.

| Liabilities | 2003 | 2002 | Assets | 2003 | 2002 |
|---------------------|----------|----------|----------------|----------|----------|
| | Rs. | Rs, | | Rs. | Rs. |
| Sundry creditors | 2,98,000 | 2,51,450 | Cash at bank | 45,000 | 1,30,000 |
| Prov. for taxation | 1,72,000 | 65,000 | Sundry debtors | 1,40,000 | 90,700 |
| Bank loan (Secured) | | 87,000 | Stock | 1,96,000 | 1,42,500 |

Cont...

| | | | | |
|---------------------------|------------------|---------------------|------------------|-------------------|
| Res. And surplus 3,12,000 | 1,48,000 | Fixed assets | | |
| Share capital | | (less depreciation) | 6,00,000 | 3,60,000 |
| (Rs. 100 shares) 2,30,000 | 1,97,000 | Investments | 10,000 | 11,250 |
| | | Pre-paid expenses | <u>21,000</u> | <u>14,000</u> |
| | <u>10,12,000</u> | | | <u>7,48,450</u> |
| | | | <u>10,12,000</u> | <u>~ 7,48,450</u> |

Prepare a statement of schedule of changes in working capital.

18 From the following particulars extracted from the books of Ashok & Co. Ltd., compute the following ratios and comment:

(a) Current ratio, (b) Acid test ratio, (c) Stock-turnover ratio, (d) Debtors turnover ratio, (e) Creditor's turnover ratio, and average debt collection period.

| | 1-1-2002 (Rs.) | 31-12-2002 (Rs.) |
|------------------|-------------------|---------------------|
| Bills receivable | 30,000 | 60,000 |
| Bills payable | 60,000 | 30,000 |
| Sundry debtors | 1,20,000 | 1,50,000 |
| Sundry creditors | 75,000 | 1,05,000 |
| Stock-in-trade | 96,000 | 1,44,000 |

- (a) On 31-12-2002, there were assets: Buildings Rs. 2,00,000, cash Rs. 1,20,000 and cash at bank Rs. 96,000.
 (b) Cash purchases Rs. 1,38,000 and purchases returns were Rs. 18,000
 (c) Cash sales Rs. 1,50,000 and sales returns were Rs. 6,000.
 Rate of gross profit 25% on sales and actual gross profit was Rs. 1,50,000.

19 From the information given below, calculate P/V ration, fixed expenses, expected profit if sales is budgeted at Rs. 90,000.

| Year | Sales | Profit |
|------|----------|--------|
| 2004 | 1,80,000 | 30,000 |
| 2005 | 2,60,000 | 50,000 |

20 Calculate labour cost variance from the information:

| | | |
|-----------------------|---|-------------------|
| Standard production | : | 100 units |
| Standard hours | : | 500hours |
| Wage rate per hour | : | Rs. 2 |
| Actual production | : | 85 units |
| Actual time taken | : | 450hours |
| Actual wage rate paid | : | Rs. 2.10 per hour |

Z-Z-Z

END