

1403025

**PSG COLLEGE OF ARTS & SCIENCE**  
(AUTONOMOUS)  
**BCom(CS) DEGREE EXAMINATION MAY 2018**  
(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 (10 x 2 = 20)

- 1 Define management accounting.
- 2 State any two objectives of management accounting.
- 3 What is meant by analysis and interpretation of financial statement?
- 4 List out any two tools of financial statement analysis.
- 5 What are current assets?
- 6 What is a cash flow statement?
- 7 What is cost volume – profit analysis?
- 8 What do you mean by margin of safety?
- 9 What is a budget?
- 10 What is standard costing?

**SECTION - B (25 Marks)**

Answer **ALL** Questions

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

- 11 a Explain the advantages of management accounting.  
OR  
b What do you mean by financial statement? What are their objectives?
- 12 a Calculate the earnings per share from the following data:  
Net profit before tax R. 1,00,000  
Tax @ 50% of net profit  
10% preference share capital (Rs. 10 each) Rs. 1,00,000  
Equity share capital (Rs. 10 share) Rs. 1,00,000.  
OR  
b The following is the trading account of Mr. Murugan. Calculate stock turnover ratio.

Particulars	Rs.	Particulars	Rs.
To opening stock	15,920	By sales	78,000
To purchases	39,000	By closing stock	14,400
To carriage	1,000		
To gross profit	36,480		
	92,400		92,400

- 13 a From the following balance sheets of Sri Krishna Ltd, prepare a schedule of changes in working capital

Liabilities	2008	2009	Assets	2008	2009
Share capital	4,00,000	5,75,000	Plant	75,000	1,00,000
Creditors	1,06,000	70,000	Stock	1,21,000	1,36,000
P & L a/c	14,000	31,000	Debtors	1,81,000	1,70,000
			Cash	1,43,000	2,70,000
	5,20,000	6,76,000		5,20,000	6,76,000

OR

Cont ...

- 13 b Compute cash flows from operating activities from the following

	Rs.
Net profit for the year	80,000
Depreciation written off on fixed assets	11,000
Profit on sale on building	22,000
Loss on sale of machine	13,000
Increase in current assets (Except cash)	46,000
Increase in current liabilities	29,000

- 14 a From the following particulars prepare production budget for 3 months ending 30<sup>th</sup> June 1993.

	Estimate sales (units)
April 1993	1,40,000
May 1993	1,60,000
June 1993	1,30,000
July 1993	1,20,000

It is the policy of the company to maintain 50% of the month's sales as opening stock.

OR

- b What are the requirements of a good budgetary control system?
- 15 a Assuming that the cost structure and selling prices remain the same in periods I and II find out (i) P/V ratio (ii) Break even sales (iii) Profit when sales are Rs. 1,00,000 (iv) Sales required to earn a profit of Rs. 20,000.

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

OR

- b From the following particulars calculate  
(a) Material price variance (b) Material usage variance.

Materials	Standard		Actual	
	Units	Price (Rs.)	Units	Price (Rs.)
A	2020	2	2160	2.40
B	820	3	760	3.60
C	700	4	760	3.80

### SECTION - C (30 Marks)

Answer any **THREE** Questions

**ALL** Questions Carry **EQUAL** Marks (3 x 10 = 30)

- 16 Distinguish between management accounting and financial accounting.

- 17 From the following information prepare the balance sheet

Sales to net worth	5 times
Current liabilities to net worth	50%
Total debts to net worth	60%
Fixed assets to net worth	60%
Current ratio	2
Sales to stock	10 times
Debtors velocity	9 times
Annual sales	Rs. 15,00,000
Cash sales	40% of sale

Cont ...

The following is the comparative balance sheets of Prathima & Co Ltd as on 30<sup>th</sup> June 1987 and 30<sup>th</sup> June 1988.

Balance sheet					
Liabilities	30.6.1987	30.6.1988	Assets	30.6.1987	30.6.1988
Share capital	1,80,000	2,00,000	Goodwill	24,000	20,000
Reserve fund	28,000	36,000	Buildings	80,000	72,000
P & L A/c	39,000	24,000	Machinery	74,000	72,000
Trade creditors	16,000	10,800	Investments	20,000	22,000
Bank overdraft	12,400	2,600	Inventories	60,000	50,800
Provision for taxation	32,000	34,000	Debtors	40,000	44,400
Provision for doubtful debt	3,800	4,200	Cash	13,200	30,400
	<u>3,11,200</u>	<u>3,11,600</u>		<u>3,11,200</u>	<u>3,11,600</u>

Additional informations:

- i) Depreciation charged on machinery Rs. 10,000 and buildings Rs. 8,000
- ii) Investments sold during the year Rs. 3,000
- iii) Rs. 15,000 interim dividend paid during January 1988
- iv) Taxes paid during the year Rs. 30,000

Prepare (a) A statement of changes in working capital (b) A funds flow statement.

- 19 With the following data for a 60% activity prepare a budget for production at 80% and 100% activity:

Production at 60% activity	500 units
Materials	Rs. 100 per unit
Labour	Rs. 40 per unit
Expenses	Rs. 10 per unit
Factory expenses	Rs. 40,000 (40% fixed)
Administrative expenses	Rs. 30,000 (60% fixed)

- 20 The following information is obtained from a company

Sales	Rs. 20,000
Variable cost	Rs. 10,000
Fixed cost	Rs. 6,000

- a) Find the P/V ratio, BEP and margin of safety
- b) Calculate the effect of
  - i) 20% decrease in fixed assets
  - ii) 10% decrease in variable costs
  - iii) 10% increase in selling price.

Z-Z-Z

END