

END OF SEMESTER EXAMINATIONS, APRIL/MAY - 2018  
MANAGEMENT ACCOUNTING  
SUBJECT CODE: 12UAC019

MAJOR : B.COM / *B.Com. CA*  
TIME : 3 HOURS

*26*

SEMESTER : VI  
MAX. MARKS : 75

SECTION - A (10 X 1 = 10)

Answer ALL questions:

1. Define Management Accounting.
2. State any four tools of management accounting.
3. What is financial statements?
4. What is meant by Ratio Analysis?
5. Define Marginal Cost.
6. What is contribution?
7. What is net working capital?
8. Define funds flow statement.
9. What is budgetary control?
10. What is Budget Centre?

SECTION - B (5 X 4 = 20)

Answer any FIVE questions:

11. Explain the scope of management accounting.
12. Describe the limitations of management Accounting.
13. State the characteristics of ideal financial statements.
14. From the following data, calculate break-even point expressed in terms of units and also new B.E.P if selling price is reduced by 10%.

Fixed Expenses:

Depreciation Rs.1,00,000

Salaries Rs.1,00,000

Variable Expenses:

Materials Rs.3 per unit

Labour Rs.2 per unit

Selling price Rs.10 per unit.

15. The sales turnover and profits during two periods are as under:

Period 1 : sales Rs.20 lakhs; Profits Rs.2 lakhs.

Period II : Sales Rs.30 lakhs; Profit Rs.4 lakhs

Calculate P/V ratio.

16. Calculate 'Funds from Operations from the information given below as on 31<sup>st</sup>

March, 2008:

- i) Net profit for the year ended 31<sup>st</sup> March 2008, Rs. 6,50,000.
- ii) Gain on the sale of building Rs. 35,500.
- iii) Goodwill appears in the books at Rs.1,80,000 out of that 10 percent has been written off during the year.

... 2 ...

- iv) Old machinery worth Rs.8,000 has been sold for Rs. 6,500 during the year.
- v) Rs.1,25,000 has been transferred to the General Reserve Fund.
- vi) Depreciation has been provided during the year on machinery and furniture at 20% whose total cost is Rs.6,50,000.

17. The following information is available for the company.

	Rs. '000
Average stock of raw materials and stores	400
Average work-in progress inventory	600
Average finished goods inventory	360
Average accounts receivable	600
Average accounts payable	360
Average raw materials and stores purchased on credit and consumed per day	20
Average work-in progress value of raw materials Committed per day	25
Average cost of goods sold per day	36
Average sales per day	40

You are required to Calculate:

- a) Duration of raw materials stage    b) Duration of work-in – progress stage  
 c) Duration of finished goods stage    d) Duration of accounts receivables stage
18. From the following particulars, prepare a production budget of a company for the year ended June 30, 2005.

Product	Sales	Estimated stock 1 July 2004	Estimated stock 30 June 2005
	Units	Units	Units
A	1,50,000	14,000	15,000
B	1,00,000	5,000	14,500
C	70,000	8,000	8,000

**SECTION – C ( 3 X 15 = 45)**

**Answer any THREE questions:**

19. Discuss in detail the functions of management accounting.
20. Explain the significance and limitations of Ratio analysis.
21. You are given the following data for the year 2004 of the company.

Variable Cost	Rs.6,00,000
Fixed Cost	Rs.3,00,000
Net profit	Rs.1,00,000
Sales	Rs.10,00,000

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- Find a) P/V ratio b) B.E.P. c) Profit when sales amounted to Rs.12,00,000  
 d) Sales required to earn a profit of Rs.2,00,000.
22. The following are the summaries of the Balance Sheets of Purvesh Ltd., as at 31<sup>st</sup> December, 2007 and 2008 :

Liabilities	2007	2008	Assets	2007	2008
	Rs.	Rs.		Rs.	Rs.
Share capital	2,00,000	2,50,000	Land &		
General Reserve	50,000	60,000	Buildings	2,00,000	1,00,000
Profit & Loss Account	30,000	30,000	Plant	1,50,000	1,74,000
Bank Loan (Short term)	70,000	-----	Stock	1,00,000	74,000
Creditors	1,50,000	1,35,200	Debtors	80,000	64,200
Provision for Taxation	30,000	35,000	Cash	500	600
			Bank	-----	8,000
	5,30,000	5,10,000		5,30,500	5,10,800

Additional information:

- Depreciation was written off plant Rs.14,000 in 2008.
- Dividend of Rs.20,000 was paid during 2008.
- Income Tax provision made during the year was Rs.25,000.
- A piece of land has been sold during the year at cost.

You are required to prepare a statement showing sources and application of funds for the year 2007 and a schedule of changes in working capital

23. From the following data forecast the cash position at the end of April, May and June 2014.

Month	Sales	Purchases	Wages	Sales expenses
2014	Rs.	Rs.	Rs.	Rs.
February	1,20,000	84,000	10,000	7,000
March	1,30,000	1,00,000	12,000	8,000
April	80,000	1,04,000	8,000	6,000
May	1,16,000	1,06,000	10,000	12,000
June	88,000	80,000	8,000	6,000

Further information:

Sales at 20% 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: 25% paid in arrears in the following month.

Miscellaneous expenses: paid a month in arrears.

Rent: Rs. 1,000 per month paid quarterly in advance due in April.

Income tax: First installment of advance tax Rs.25,000 due on or before 15<sup>th</sup> June.

Income from investments: Rs.5,000 received quarterly, in April, July, etc.

Cash in hand : Rs.5,000 on 1<sup>st</sup> April, 2014.

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