

END OF SEMESTER EXAMINATIONS, NOVEMBER – 2017
MANAGEMENT ACCOUNTING
SUBJECT CODE: 12UACO19

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

SEMESTER : VI
 MAX.MARKS: 75

SECTION-A (10 x 1 = 10)

Answer ALL the Questions:

1. Define Management Accounting.
2. State any two limitations of Management Accounting.
3. What are the types of Financial Analysis?
4. What is Ratio?
5. What is P/V Ratio?
6. What is Break-Even Point?
7. What do you mean by Working Capital?
8. When does a flow of funds occur?
9. What is a Budget?
10. What is Zero-Base Budgeting? Who, where, and when was it first used?

SECTION-B (5 x 4 = 20)

Answer any FIVE Questions:

11. Enumerate the functions of management accounting?
12. Explain the scope of management accounting.
13. What are the benefits of ratio analysis?
14. From the following information, calculate the break-even point in units and in sales value.
 Output – 3,000 units;
 Selling Price – Rs.30;
 Variable Cost Per Unit – Rs.20;
 Total Fixed Cost - Rs. 20,000
15. Given: January 2016: Sales -15,000; Profit – 800
 February 2016: Sales – 18,000; Profit – 1,400
 Calculate P/V Ratio; BEP; Profit when sales are 12,000; Sales required to earn a profit of 2,000.
16. Find out changes in the working capital from the Balance Sheet data given below:

Particulars	December 31,2013 Rs.	December 31,2014 Rs.
<i>Capital and Liabilities</i>		
Share Capital	3,00,000	3,75,000
Trade Creditors	1,06,000	70,000
Profit and Loss A/c	14,000	31,000
	4,20,000	4,76,000
<i>Assets</i>		
Machinery	70,000	1,00,000
Stock in trade	1,21,000	1,36,000
Debtors	1,81,000	1,70,000
Cash	48,000	70,000
	4,20,000	4,76,000

17. Prepare an estimate of Working capital requirement from the following information of a trading concern:

a) Projected annual sales	1,00,000 units
b) Selling Price	Rs. 8 per unit
c) % of net profit on sales	25%
d) Average credit period allowed to customers	8 weeks
e) Average credit period allowed by Suppliers	4 weeks
f) Average stock holding in terms of sales requirements	12 weeks
g) Allow 10% for provision for contingencies	

18. Prepare production budget and production cost budget for 6 months ending 31st December 2015. a) The units to be sold in different months are: July 2015 – 2,200 Aug 2015 – 2,200 September 2015 - 3,400 October 2015 – 3,800 November 2015 – 5,000 December 2015 – 4,600 January 2016-4,000.
b) There will no work-in progress at the end of any month.
c) Finished units equal to half the sales for the next month will be in stock at the end of every month.
d) Budgeted production and production cost for the year ending December 2015 are as follows:
Production (units) 44,000 direct materials per unit Rs.10 direct wages per unit Rs. 4 total factory Overheads apportioned Rs. 88,000.

SECTION-C (3 x 15 = 45)

Answer any TREE Questions:

19. Explain the difference between management accounting and financial accounting.
20. What do you mean by Financial Statements? Explain the mechanical devices for financial analysis.
21. a) Calculate
(i) The amount of fixed expenses.
(ii) The number of units of break-even.
(iii) The number of units to earn profit of Rs. 40,000.
The selling price per unit can be assumed at Rs.100. The company sold in two successive periods 7,000 units and 9,000 units and has incurred a loss of Rs. 10,000 and Rs. 10,000 as profit respectively. And
b) From the following data, you are required to calculate:
(i) P/V Ratio
(ii) Break –Even sales with the help of P/V ratio.
(iii) Sales required to earn a profit of Rs. 4,50,000.
Fixed Expenses: Rs.90,000. Variable cost per unit: Direct material Rs. 5;
Direct Labour Rs:2; Direct Expenses 100% of Direct Labour. Selling price per unitRs.12.
22. The following are the summarized balance sheets of X Ltd., On 31st December 2015 and 31st December 2016.

Liabilities	2015	2016	Assets	2015	2016
Share Capital	6,00,000	8,00,000	Plant	4,00,000	6,45,000
Debentures	2,00,000	3,00,000	Land	3,00,000	4,00,000
Profit and Loss a/c	1,25,000	2,50,000	Stock	3,00,000	3,50,000
Creditors	1,15,000	90,000	Bank	20,000	40,000
Provision for bad debts	6,000	3,000	Preliminary expenses	7,000	6,000
Provision for depreciation:			Debtors	69,000	61,000
- on land	20,000	24,000			
- on plant	30,000	35,000			
	10,96,000	15,02,000		10,96,000	15,02,000

Additional Information:

- a) During a year, a part of machinery costing Rs. 70,000 (accumulate depreciation there on Rs. 2,000) was sold for Rs. 6,000.
b) Dividends of Rs. 50,000 were paid during the year.
You are required to prepare:
(i) Statement showing changes in working capital for 2016 and
(ii) Funds flow statement.
23. From the following budget data, forecast the cash position at the end of April, May and June 2016.

Months	Sales	Purchases	Wages	Miscellaneous
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

Additional Information:

- a) Sales: 20% realized in the month of sales, balance realized equally in two subsequent months.
b) Purchases: These are paid in the month following the month of supply.
c) Wages: 25% paid in arrears following month.
d) Miscellaneous expenses: Paid a month in arrear
e) Rent: Rs. 1,000 per month paid quarterly in advance due in April.
f) Income tax: First installment of advance tax Rs. 25,000 due on or before 15th June.
g) Income from investments: Rs.5, 000 received quarterly in April, July. Etc.
i) Cash in hand: Rs 5,000 on 1st April 2016.
