198

Reg. No.

S.NO: 202 BATCH: 87 – 2015

END OF SEMESTER EXAMINATIONS, NOVEMBER - 2018
MANAGEMENT ACCOUNTING
SUBJECT CODE: 12UACO19

MAJOR : B.Com /B.Com.CA SEMESTER : VI
TIME : 3 HOURS MAX. MARKS :75

**SECTION – A (10 X 1 = 10)**

**Answer ALL questions:**

1. Define Management Accounting.
2. Point out any two differences between Management Accounting and Cost Accounting.
3. What do you mean by Trend analysis?
4. Write a note on common size income statement.
5. How the contribution has to be calculated?
6. Give an imaginary marginal cost statement.
7. Define working capital.
8. Give two examples of non fund items.
9. Write any four types of budgets prepared in an organisation.
10. What do you mean by budgetory control?

**SECTION – B ( 5 X 4 = 20)**

**Answer any FIVE questions.**

11. Write down the scope of Management Accounting.
12. What are the Limitations of Management Accounting?
13. Mention the main tools used for analysis and interpretation of financial statements.
14. The following data are available from the records of a company.

| | |
|---|---|
| Sales (in Units) | Rs. 15,000 |
| Sales Value | Rs.1,50,000 |
| Variable Cost | Rs. 6 per unit |
| Fixed cost | Rs. 34,000 |

You are required to calculate:

The P/V ratio, Break even point and Margin of safety at this level.

15. Calculate funds from operations from the following Profit & Loss A/c

| Particulars | Rs. | Particulars | Rs. |
|---|---|---|---|
| To Salaries | 3,00,000 | By Gross profit | 5,00,000 |
| To Depreciation | 15,000 | By Gain on sale of plant | 20,000 |
| To Loss on sale of buildings | 6,000 | | |
| To Preliminary exp. Written off | 30,000 | | |
| To Discount (allowed to customers) | 500 | | |
| To Provision for tax | 500 | | |
| To Goodwill written off | 15,000 | | |
| To Net profit | 1,53,000 | | |
| | 5,20,000 | | 5,20,000 |

16. Prepare an estimate of working capital requirement from the following information:

(i) Projected annual sales 50,000 units

(ii) Selling price per unit Rs. 80

(iii) Percentage of net profit on sales 25%

(iv) Average credit period allowed to customers 8 weeks

(v) Average credit period allowed by suppliers 4 weeks

(vi) Average stock holdings in terms of sales requirements 12 weeks

(vii) Allow 10% for contingencies.

17. Prepare a production budget for 3 months ending March 31, 2014 for a factory producing four products, on the basis of the following information:

| Type of Product | Estimated stock on jan. 1 2018 (units) | Estimated Sales during jan – Mar 2018 (units) | Desired Closing stock on Mar 31 2018 (units) |
|---|---|---|---|
| X | 2,000 | 10,000 | 3,000 |
| Y | 3,000 | 15,000 | 5,000 |
| A | 4,000 | 13,000 | 3,000 |
| B | 3,000 | 12,000 | 2,000 |

18. From the following figures prepare a material purchase budget.

| Materias (in Units) | A | B |
|---|---|---|
| Estimated Stock on Jan. 1 | 1,600 | 600 |
| Estimated Stock on Dec.31 | 2,000 | 800 |
| Estimated consumption | 12,000 | 2,000 |

## SECTION – C ( 3 X 15 = 45)

Answer any THREE questions.

19. Differentiate between Financial Accounting and Management Accounting.

20. What are the uses and limitations of ratio analysis?

21. A factory produces 10,000 articles for home consumption at the following costs:

| Particulars | Rs. |
|---|---|
| Materials | 4,00,000 |
| Wages | 3,60,000 |
| Factory Overheads: | |
| Fixed | 1,20,000 |
| Variable | 2,00,000 |
| Administration Overheads: Fixed | 1,80,000 |
| Selling and Distn., OH: Fixed | 1,00,000 |
| Variable | 1,60,000 |
| Total Expenses | 15,20,000 |

The home market can consume only 10,000 articles at a selling price of Rs.155 per article; it can consume on more articles. The foreign market for this product can, however consume additional 4,000 articles if the price is reduced to Rs.125. Is the foreign market worth trying?

22. Following are the summarized Balance Sheets of X Ltd., as on 31st December, 2016 and 2017.

**Balance Sheet**

| Liabilities | 2016 | 2017 | Assets | 2016 | 2017 |
|---|---|---|---|---|---|
| Share Capital | 1,00,000 | 1,50,000 | Land & Building | 1,00,000 | 90,000 |
| General Reserve | 50,000 | 60,000 | Plant & Mach. | 1,00,000 | 1,19,000 |
| P & L A/c | 30,500 | 30,000 | Stock | 50,000 | 24,000 |
| Bank Loan | 70,000 | ------ | Debtors | 75,000 | 63,200 |
| Sundry Creditors | 50,000 | 37,200 | Cash | 500 | 1,000 |
| Prov. For taxation | 32,000 | 35,000 | Bank | 2,000 | 15,000 |
| | | | Goodwill | 5,000 | ------ |
| | 3,32,500 | 3,12,200 | | 3,32,500 | 3,12,200 |

<u>Additional Information</u>

During the year 31st Dec., 2017

(i) Dividend of Rs. 23,000 was paid

(ii) Depreciation written off on building Rs.10,000, Machinery Rs.14,000

(iii) Income tax paid during the year Rs.28,000.

Prepare Funds Flow Statement.

23. Draw up a flexible budget for overhead expenses on the basis of the following data and determine the overhead rates at 70% , 80% and 90% plant capacity.

| | 80% capacity |
|---|---|
| Variable Overheads: | |
| Indirect labour | 12,000 |
| Stores including spare | 4,000 |
| Semi – Variable overheads: | |
| Power (60% fixed, 40% variable) | 20,000 |
| Repairs & maintenance (60% fixed, 40% variable) | 2,000 |
| Fixed overheads: | |
| Depreciation | 11,000 |
| Insurance | 3,000 |
| Salaries | 10,000 |
| Estimated direct labour – 1,24,000 hours | |

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