



Name :

Roll No. :

Invigilator's Signature :

CS/MBA/SEM-3(FT)/MB-301/2012-13

2012

MANAGEMENT OF ACCOUNTING

Time Allotted : 3 Hours

Full Marks : 70

The figures in the margin indicate full marks.

*Candidates are required to give their answers in their own words
as far as practicable.*

GROUP – A

(Multiple Choice Type Questions)

1. Choose the correct alternatives for any *ten* of the following : $10 \times 1 = 10$
- i) Store ledger records
 - a) Quantity of materials
 - b) Value of materials
 - c) Both (a) and (b)
 - d) None of these.
 - ii) Current Ratio is equal to
 - a) Current Assets/Quick Assets
 - b) Current Assets/Inventory
 - c) Current Assets/Current Liabilities
 - d) Net Profit/Current Assets.



- iii) Debt-equity ratio is equal to
 - a) Debt/Equity
 - b) Equity/Debt
 - c) Debt/Total Liabilities
 - d) None of these.
- iv) Contribution is the difference between
 - a) Sales and Fixed cost
 - b) Sales and Variable cost
 - c) Sales and cost of goods sold
 - d) None of these.
- v) Cash Account is a
 - a) Personal account
 - b) Real account
 - c) Nominal account
 - d) Contingent account.
- vi) FIFO is a method of
 - a) Depreciation
 - b) Cost Analysis
 - c) Pricing materials issue
 - d) None of these.
- vii) Acid-test ratio =
 - a) Liquid assets/projected daily cash requirement
 - b) Total debt/total assets
 - c) Cost of goods sold/average inventory
 - d) Quick assets/current liabilities.
- viii) Full form of BEP is
 - a) Break-Even Position
 - b) Break-Even Point
 - c) Break-Even Analysis



3. Distinguish between Fund Flow statement and Cash flow statement.

4. From the following data, compute break-even sales and margin of safety :

Sales	Rs. 10,00,000
Fixed cost	Rs. 3,00,000
Profit	Rs. 2,00,000

5. From the given data, calculate the following :

- a) Material Price variance
- b) Material Usage variance
- c) Material cost variance.

Standard :

- (i) 250 kg of raw materials are required for producing 175 kgs of finished products
- (ii) Price of material per kgs. Rs. 4.

Actuals :

- (i) Production 52,500 kgs
- (ii) Materials consumed 70,000 kgs
- (iii) Cost of Materials Rs. 2,73,000.

6. Define any *two* of the following cost terms with example :

- (i) Imputed coast
- (ii) Replacement cost
- (iii) Discretionary cost.

**GROUP – C****(Long Answer Type Questions)**

Answer any *three* of the following. $3 \times 15 = 45$

7. a) The following data are obtained from the records of a factory :

Particulars	Amount (Rs.)	Amount (Rs.)
Sales (4,000 units @ Rs. 25 each)		1,00,000
Variable Costs :		
Materials consumed	40,000	
Labour charges	20,000	
Variable overheads	10,000	
Fixed overheads	18,000	88,000
Net Profit		12,000

Calculate :

- (i) Number of units by selling which the company will break-even.
- (ii) Sales needed to earn a profit of 20% on sales.
- (iii) Extra units, which should be sold to obtain the present profit if it is proposed to reduce the selling price by 20% and 25%.
- (iv) Selling price to be fixed to bring down its break-even point to 600 units under present conditions.

$2 + 2 + 4 + 2$

- b) Discuss the limitations of Break-even Analysis. 5



8. a) The following data relate to the working of a factory for the current year :

Particulars (Capacity level @ 50 %)	Amount (Rs.)	Amount (Rs.)
Fixed costs :		
Salaries	84,000	
Rent & Rates	56,000	
Depreciation	70,000	
Other administrative expenses	<u>80,000</u>	2,90,000
Variable Costs :		
Materials	2,40,000	
Labour	2,56,000	
Other expenses	<u>38,000</u>	5,34,000

Possible sales at various levels of working are :

Capacity (%)	Sales (Rs.)
60	9,50,000
75	11,50,000
90	13,75,000
100	15,25,000

Prepare a flexible budget and show the forecast of profit at 60, 75, 90 and 100 per cent capacity operations.

- b) 600 kgs of material was charged to process I at the rate of Rs. 4 per kg. The direct labour accounted for Rs. 200 and the other departmental expenses amounted to Rs. 760. The normal loss is 10% of inputs. During the period, the actual production was 500 kg and 100 kg was scrap. Assuming that the scrap is saleable at Rs. 2 per kg, prepare a ledger account of Process I, showing the values of normal and abnormal losses. 10 + 5



9. a) What is Bin Card ? Distinguish between Bin card and store ledger. 5

b) Two components of materials X and Y are required for manufacture as per following details :

Normal Usage	70 per Week each
Maximum Usage	100 per week each
Minimum usage	40 per week each
Reordering quantity	X – 600 Units Y– 900 Units
Reordered Period	X – 4 to 6 weeks Y– 2 to 4 weeks

Calculate for each components :

- (i) Minimum Level
- (ii) Maximum Level
- (iii) Reordering Level
- (iv) Average stock level . 10



10. From the following Balance Sheet of Mr. X, prepare cash flow statement for the year 2004 :

Balance Sheet

Liabilities	2003	2004	Assets	2003	2004
Share Capital	1,00,000	1,50,000	Machinery	1,00,000	1,50,000
General Reserve	30,000	40,000	Furniture	50,000	40,000
Profit & Loss Account	20,000	25,000	Investments	10,000	25,000
Debenture	40,000	30,000	Stock	50,000	60,000
Sundry Creditors	20,000	50,000	Debtors	30,000	50,000
Bills Payable	10,000	15,000	Cash & Bank	10,000	35,000
Provision for taxation	30,000	50,000			
	2,50,000	3,60,000		2,50,000	3,60,000

Additional Information :

- (i) Depreciation on Machinery Rs. 20,000
 - (ii) Depreciation on Furniture Rs. 8,000
 - (iii) Payment of Taxation Rs. 40,000
 - (iv) Payment of Dividend Rs. 10,000.
11. Write short notes on any *three* of the following : 3 × 5
- a) Common size statement
 - b) Joint product costs
 - c) Activity based costing system
 - d) Total cost management.