



Name :

Roll No. :

Invigilator's Signature :

CS/MCA/SEM-3/MBA (MCA)-302/2010-11

2010-11

MANAGEMENT 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 × 1 = 10
- i) In computerized accounting package, the provision for which of the accounts remain non-existent ?
 - a) Contra entry in cash book
 - b) The column for journal folio
 - c) Suspense account
 - d) Contingent assets.
 - ii) RONW is financial statement analysis process represents
 - a) Return on Net Working Capital
 - b) Return on Net worth of a Company
 - c) Return on Operating Net Worth
 - d) Return on Obsolete Notional Worth (of a sick company).



- iii) Crediting the Sales Account for the sale of Old Furniture used as an asset is
- a) a compensating error
 - b) an error of omission
 - c) an error of principle
 - 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) To test the liquidity of a concern which of the following ratio is useful ?
- a) Acid test ratio
 - b) Capital turnover ratio
 - c) Bad debt to sales ratio
 - d) Inventory turnover ratio.
- vi) Cash Account is a
- a) Personal account
 - b) Real account
 - c) Nominal account
 - d) Contingent account.
- vii) Goodwill is a
- a) Fixed asset
 - b) Current asset
 - c) Fictitious asset
 - d) Wasting asset.



viii) Excess of current assets over current liabilities is termed as

- a) Total capital
- b) Floating capital
- c) Working capital
- d) Debt capital.

ix) Funds flow statement is a statement showing

- a) Changes in cash position
- b) Changes in assets and liabilities
- c) Statement of sources and application of fund
- d) Only changes in working capital.

x) Stores ledger is maintained in

- a) Store department
- b) Purchase department
- c) Sales department
- d) Cost Accounting department.

xi) LIFO is a method of

- a) Depreciation
- b) Cost analysis
- c) Inventory valuation
- d) Turnover.



GROUP – B

(Short Answer Type Questions)

Answer any *three* of the following.

$3 \times 5 = 15$

2. Discuss some errors not disclosed by a Trial Balance.
3. Calculate the Economic Order Quantity, Number of orders and Gap between two orders from the following particulars.
Annual consumption 12,800 units. Cost per unit Rs. 80.
Ordering cost per order Rs. 200. Carrying cost 10% of inventory value.
4. Define “Flexible Budget”.
5. Distinguish between “Financial Accounting” and “Management Accounting”.
6. From the following particulars calculate Maximum stock level, Minimum stock level, Reorder level and Average stock level. Maximum usage 3000 units. Minimum usage 2500 units, Normal usage 2700 units. Re-order quantity 15000 units. Re-ordering period (in weeks) 5 to 9.



GROUP – C

(Long Answer Type Questions)

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

7. a) Distinguish between Cash Budget and Flexible Budget.
 b) Prepare the Fund Flow statement :

Liabilities	2009 (Rs.)	2010 (Rs.)	Assets	2009 (Rs.)	2010 (Rs.)
Equity Share Capital	1,20,000	1,50,000	Land & Building	1,20,000	1,14,000
General Reserve	20,000	30,000	Plant & Machinery	80,000	90,000
Profit & Loss	15,000	25,000	Stock	40,000	50,000
10% Debenture	1,00,000	80,000	Debtors	30,000	60,000
Creditors	15,000	30,000	Bank	10,000	6,000
Provision for Tax	10,000	5,000			
Total	2,80,000	3,20,000	Total	2,80,000	3,20,000

Additional information :

- i) During 2010, a dividend of Rs. 20,000 were paid.
 ii) Depreciation on land and building was provided at 5% p.a and on plant & building @ 10% p.a
 iii) Provision for taxation during the year was maintained as Rs. 8,000. $5 + 10$
8. a) A factory is currently running at 50% capacity and produces 5,000 units, at a cost of Rs. 90 per unit as per details below :
- | | |
|-------------------------|----------------------|
| Material | Rs. 50 |
| Labour | Rs. 15 |
| Factory Overhead | Rs. 15 (Rs. 6 fixed) |
| Administrative Overhead | Rs. 10 (Rs. 5 fixed) |
- The current selling price is Rs. 100 per unit.
 At 60% level of capacity utilization material cost per unit with the help of the following information increased by 2% and selling price per unit falls by 5%.
 Estimate profit of factory at 60% and 80% working and offer your comments.
- b) What do you mean by “Budget” ? State the difference between Fixed Budget and Fluctuating Budget. What are the advantages of Budget ? $7 + 2 + 3 + 3$



9. Prepare a Cash Budget for the coming period from the following data including the extent of bank facilities the company will require at end of each month :

Month	Sales (Rs.)	Purchase (Rs.)	Wages (Rs.)
February	1,80,000	1,24,800	12,000
March	1,92,000	1,44,000	14,000
April	1,08,000	2,43,000	11,000
May	1,74,000	2,46,000	10,000
June	1,26,000	2,68,000	15,000

Additional information :

- i) 50% of credit sales is realized in the month following the sales and the remaining 50% in the second month following.
 - ii) Creditors are in the month following the month of purchase.
 - iii) Wages are paid in the current month.
 - iv) Cash at Bank on 1st April (estimated) Rs. 25,000.
10. Write short notes on any *three* of the following : 3 × 5
- a) Defined Revenue expenditure
 - b) Contingent liabilities
 - c) Liquidity ratio
 - d) Fiction assets
 - e) Contra entry.



11. a) With help of the following information given below, prepare the Trading Account, Profit and Loss Account and Balance Sheet of X Ltd :

- i) Gross Profit Ratio = 25%
 - ii) Net Profit/Sales = 20%
 - iii) Sales/Inventory Ratio = 10
 - iv) Fixed Assets/Total Current Assets = 5/7
 - v) Current Ratio = 1
 - vi) Fixed Assets/Share capital = 5/4
 - vii) Fixed Assets = Rs. 10,00,000
 - viii) Closing Stock = Rs. 1,00,000.
- b) State the limitations of Ratio Analysis.
- c) What are the main differences between Cash Flow Statement and Fund Flow Statement ?

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