Name : ....

Roll No. : ....

Invigilator's Signature : ....

CS/MCA/SEM-3/MBA(MCA)-302/2011-12

2011

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 :

$10 \times 1 = 10$

i) Payment of interim dividend is a

a) servicing of fund

b) application of fund

c) no flow of fund

d) none of these.

ii) The Trial Balance checks

a) the arithmetical accuracy of books

b) the honesty of book-keeper

c) the valuation of closing stock.

iii) The Profit and Loss account shows

a) the financial position of the concern

b) the degree of honesty with which accounting work has been done

c) the capital invested in the business

d) profit earned or loss suffered by the firm.

iv) The current ratio is calculated as

a) Liquid Assets / Liquid liabilities

b) Current Assets / Current Liabilities

c) Cost of goods sold / Average inventories

d) Current Liabilities / Current Assets.

v) Outstanding Salaries are shown as

a) an expense b) a Liability

c) an asset d) all of these.

vi) Sales is equal to

a) cost of goods sold + profit

b) cost of goods sold – profit

c) gross profit – cost of goods sold

d) none of these.

vii) Goodwill classified as

a) Fixed assets b) Current assets

c) Fictitious assets d) Wasting assets.

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

a) Total capital b) Floating capital

c) Working capital d) Debt capital.

ix) Fund flow statement is a statement showing

a) changes in cash positions

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) Stores department

b) Purchase department

c) Sales department

d) Cost accounting department.

xi) The storekeeper should initiate a purchase requisition when stock reaches at its

a) minimum level

b) maximum level

c) re-order level

d) maintainable average level.

xii) If the total of production cost is Rs. 40,000 and 20% of sale price is the profit to be added to cost, the amount of total profit will be

a) Rs. 6,000 b) Rs. 8,000

c) Rs. 10,000 d) Rs. 12,000.

GROUP – B

(Short Answer Type Questions)

Answer any *three* of the following. $3 \times 5 = 15$

2. Calculate the EOQ from following data :

Actual Consumption : 18,000 units (per annum)

Re-ordering period : 4 to 6 weeks

Cost per unit : Rs. 1·50

Cost for Placing order and Processing Delivery : Rs. 12·00

Normal Consumption : 250 units per week.

Inventory Covering cost : 20% of unit value.

3. What type of errors are detected by the trial balance ?

4. Explain NPV technique of capital budgeting with the help of an example.

5. Define working capital. Discuss the components of working capital.

6. What do you mean by "flexible" budget ? How does it help an organization which manufactures computer hardwares ?

GROUP – C

(Long Answer Type Questions)

Answer any *three* of the following. 3 × 15 = 45

7. a) Distinguish between Cash Budget and Master budget.

   b) Prepare the Funds Flow Statement : 5 + 10

Liabilities	2010	2011	Assets	2010	2011
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 2011, dividend Rs. 20,000 were paid.

ii) Depreciation is calculated on Land and building at 5% p.a. and on Plant & building at 10% p.a.

iii) Provision for taxation during the year Rs. 8,000.

8. a) The expenses budgeted for productions of 10000 units in a factory are :

	Rs.
Materials 70	
Labour	25
Variable Costs	20
Fixed overheads (Rs. 100000)	10
Variable Expenses (Direct)	5
Selling Expenses (10% fixed)	13
Distribution Expenses (20% fixed)	7
Administrative Expenses (Rs. 50,000)	5
	155

Prepare a Flexible Budget for the levels of production at :

i) 8,000 units

ii) 6,000 units.

Assume that Administrative Expenses are rigid for all levels of production.

b) The following figures are available from the records of Jupiter Enterprises as at 31st March :

	2010	2011
	Rs. Lakhs	Rs. Lakhs
Sales	150	200
Profit	30	50

Calculate :

i) The P/V ratio and total fixed expenses.

ii) The break-even level of sales.

iii) Sales required to earn a profit of Rs. 90 lakhs.

iv) Profit or loss that would arise if the sales were Rs. 280 lakhs. 8 + 7

9. a) Following are the summarized balance sheet and additional information of *XYZ* Ltd. for the year 2010 & 2011. Prepare a Cash Flow Statement for the year ended 2011.

Liabilities	2010	2011	Assets	2010	2011
Equity share capital	1,50,000	1,80,000	Land & Building	1,40,000	1,26,000
General reserve	30,000	50,000	Plant & Machinery	80,000	1,00,000
P & L account	35,000	45,000	Stock	50,000	78,000
10% Debentures	1,00,000	70,000	Debtors	30,000	60,000
Creditors	25,000	40,000	Bank	50,000	26,000
Provision for tax	30,000	25,000	Goodwill	20,000	20,000
	3,70,000	4,10,000		3,70,000	4,10,000

Additional Information :

i) During 2011, dividend Rs. 18,000 was paid.

ii) Depreciation on land and building 10% p.a. and on plant and machinery @ 6% p.a. under reducing balance method.

iii) Provision for taxation during the year Rs. 22,000.

iv) Dated 01 January, 2011 a machine valued Rs. 20,000 was sold for Rs. 12,000.

v) Machine purchased during the year Rs. 45,000.

b) Distinguish between Cash book and Cash Flow Statement. 12 + 3

10. Describe the importance of having a good ERP system in a large multi-functional and multi-locational manufacturing company in the domain of financial accounting and decision making. 15

11. Write short notes on any *three* of the following : 3 × 5

a) Return on Net Worth (RONW)

b) Zero Based Budgeting

c) Bank overdraft

d) Consolidated financial statements

e) Debt-Equity ratio.