Exam. Code : 108505
Subject Code : 2838

B.Com. Semester—V

MANAGEMENT ACCOUNTING

Paper—BCG-503

Time Allowed—3 Hours] [Maximum Marks—50

Notes :– (i) The paper has three sections A, B and C.

(ii) Section A comprises of **twelve** questions of **1** mark each. Students are to attempt any **ten** questions.

(iii) Section B comprises of **four** questions of **10** marks each. Students are to attempt any **two** questions.

(iv) Section C comprises of **four** questions of **10** marks each. Students are to attempt any **two** questions.

SECTION—A

1. (i) Define Management Accounting

(ii) Stock turnover ratio

(iii) Advantages of financial analysis

(iv) Fund flow v/s Cash flow statement

(v) Give three examples of non-current accounts

(vi) Differentiate between net profit and contribution margin.

(vii) M/s R & Co. provides the following information :

Equity share capital — Rs. 3,00,000

9% Preference share capital — Rs. 1,00,000

Reserves and surplus — Rs. 50,000

10% Debentures — Rs. 2,00,000

Long term loans — Rs. 25,000

Current liabilities — Rs. 2,25,000

You are required to calculate Debt-Equity Ratio.

(viii) The following figures are extracted from books of XYZ Ltd. for the year ended 31-3-2015 :

P/V Ratio 30%

Margin of Safety Rs. 2,40,000 (40% of Sales)

Calculate (a) Break-even sales

(b) Net Profit on sales of Rs. 9,00,000.

(ix) From the following information calculate Price Earning Ratio (P/E ratio) of Imperx Ltd.

Number of equity shares of Rs. 10 each fully paid Rs. 1,00,000

Profit available for equity shareholders Rs. 4,00,000

Market price per equity share Rs. 100

(x) A machine manufacturing company finds that while it costs Rs. 12.00 each to make a component P-50, the same is available in the market at Rs. 11.00, with an assurance of continued supply. The breakdown of cost is :

Direct materials	Rs. 4.25 each
Direct labour	Rs. 3.75 each
Other variables	Rs. 2.00 each
Depreciation and other fixed cost	Rs. 2.00 each

TotalRs. 12.50 each

(a) Should you make or buy ?

(b) What would be your decision if the supplier offers the component at Rs. 9.85 each ?

(xi) From the following information, prepare a comparative Balance Sheet of J Ltd :

Particulars	**31.3.2016 (Rs.)**	**31.3.2015 (Rs.)**
I. Equity and Liabilities		
Shareholder's funds		
Share Capital	1,50,000	1,00,000
Reserve and Surpluses	1,00,000	1,00,000
Non Current Liabilities		
Long term loans	80,000	20,000
Current Liabilities	50,000	30,000
Total	**3,80,000**	**2,50,000**

Particulars	31.3.2016 (Rs.)	31.3.2015 (Rs.)
II. Assets		
Non Current Assets Fixed Assets	3,00,000	2,00,000
Current Assets	80,000	50,000
Total	**3,80,000**	**2,50,000**

(xii) Calculate fund from operation from the information given below as on 31.3.2016 :

(1) Net profit for the year ended 31.3.2016 is Rs. 6,50,000.

(2) Gain on sale of buildings Rs. 35,500.

(3) Goodwill appears in the books at Rs. 1,80,000, out of that 10% has been written off during the year.

(4) Old machinery worth Rs. 8,000 has been sold for Rs. 6,500 during the year.

(5) Rs. 1,25,000 have been transferred to reserve fund.

(6) Depreciation has been provided during the year on machinery at 20% whose value is Rs. 6,50,000.

SECTION—B

2. Discuss the nature and scope of Management Accounting. Also differentiate it from Financial Accounting.

3. What is meant by Cash Flow Statement ? How is it prepared ? Also differentiate it from Fund Flow Statement.

4. From the following balance sheets of K Ltd., prepare a statement of changes in working capital and fund flow statement for the year 2015 :

Liabilities	1.1.2015 (Rs.)	31.12.2015 (Rs.)
Share Capital	3,00,000	3,50,000
General Reserve	1,00,000	1,50,000
Profit & Loss A/c	60,000	70,000
Debentures	1,50,000	2,50,000
Provision for Depreciation on machinery	90,000	1,30,000
Sundry Creditors	75,000	1,10,000
Bills payable	10,000	15,000
	7,85,000	**10,75,000**

Assets	1.1.2015 (Rs.)	31.12.2015 (Rs.)
Cash	1,20,000	1,30,000
Stock	40,000	55,000
Debtors	80,000	1,90,000
Investment	30,000	80,000
Machinery	4,10,000	5,40,000
Discount on issue of debentures	5,000	—
Goodwill	1,00,000	80,000
	7,85,000	**10,75,000**

During the year investments costing Rs. 30,000 were sold for Rs. 28,000 and a new machine was purchased for Rs. 45,000. The payment was made in fully paid shares.

5. From the following details, you are required to find out :

(a) Gross profit; (b) Purchases; (c) Opening Stock; (d) Closing Stock; (e) Debtors; (f) Creditors; (g) Fixed Assets.

(1) Stock velocity = 6 times

(2) Capital Turnover Ratio

(Cost of Goods Sold/Capital) = 2 times

(3) Fixed Assets Turnover Ratio

(Cost of Goods Sold/Fixed Assets) = 4 times

(4) Gross Profit Ratio = 20%

(5) Debtor's Velocity = 2 months

(6) Creditor's Velocity = 73 days

The Gross Profit was Rs. 60,000. Reserve and surplus amount to Rs. 20,000. Closing stock was Rs. 5,000 in excess on opening stock.

SECTION—C

6. What do you mean by Marginal Costing ? State the advantages of Marginal Costing over Absorption Costing. Also mention the limitations of Marginal Costing.

7. Write a detailed note on Activity Based Costing.

8. Books of ABC Ltd. presents the following information for the year 2015 :

	First half	Second half
Sales	8,10,000	10,26,000
Profit earned	21,600	64,800

You are required to calculate the following assuming that fixed costs remained the same for both the periods :

(1) P/V ratio

(2) Fixed cost

(3) The amount of profit/loss when sales are Rs. 6,48,000.

(4) The amount of sales required to earn profit of Rs. 1,08,000.

9. The following particulars are obtained from costing records of a factory.

	Product A (per unit) (Rs.)	Product B (per unit) (Rs.)
Selling Price	200	500
Material (Rs. 20 per litre)	40	160
Labour (Rs. 10 per hour)	50	100
Variable Overhead	20	40

Total Fixed Overheads — Rs. 15,000

Comment on the profitability of each product when :

(a) raw material is in short supply;

(b) production capacity is limited;

(c) sales quantity is limited;

(d) sales value is limited;

(e) only 1,000 litres of raw material is available for both the products in total and maximum sales quantity of each product is 300 units.