

246 - Management Accounting

P. Pages : 4

Time : Three Hours

**GUG/W/16/5118**

Max. Marks : 80

- Notes : 1. All questions are compulsory.
2. All questions carry equal marks.

1. a) Distinguish between the cost Accounting and the Management Accounting. **8**

b) Draw out cash budget for January to March from the following information. **8**

- 1) Cash & bank balance on 1 – 1 – 2013 Rs. 2,00,000
2) Actual & Budgeted Sales Purchases

September (Actual)	6,00,000	3,60,000
October (---,---)	6,50,000	4,00,000
November (---,---)	7,00,000	4,80,000
December	7,50,000	4,50,000
January (Budgeted)	8,00,000	4,80,000
February (---,---)	8,20,000	4,00,000
March (---,---)	8,90,000	5,00,000

- 3) Wages & Expenses Wages Expenses

November (Actual)	1,50,000	50,000
December (---,---)	1,50,000	60,000
January (Budgeted)	1,80,000	60,000
February (---,---)	1,80,000	80,000
March (---,---)	2,00,000	80,000

- 4) a) Advance Income Tax paid in March – 2013 Rs. 50,000.
b) Plant purchased in Jan. 2013 Rs. paid 1,00,000.
5) 10% purchases and sales are on cash
6) Time :-
Credit sales : 2 Month credit purchase : 1 Month
Wages : ½ Month Expenses : ¼ Month

OR

c) Prepare a cash budget from January to March – 2015 **16**

Particulars	Jan.	Feb.	March
Sales	72,000	97,000	86,000
Materials	25,000	31,000	26,000
Wages	10,000	12,000	11,000
Selling expenses	5,000	5,000	6,000
Production expenses	7,000	8,000	6,000
Cash in hand's (Balance)	72,000	---	---

Additional Information:

- a) 50% are cash sales and 50% are credit sales. Debtors are one month credit.
b) Materials grant one month's credit for creditors.

- c) Wages are paid same month and all other overhead's grant one month's credit.
- d) Plant purchases February Rs. 10,000 and March Rs. 35,000.
- e) Bank loan is expected to receive in the month of March of Rs. 50,000.
- f) Dividend paid Rs. 40,000 in Month of March.
- g) Sales commission @3% on sales is to be paid.

2. a) From the following particulars. Find out: 8

- a) BEP [in units] b) P. V. R.
- 1) Variable cost per unit Rs. 12.
- 2) Fixed cost Rs.60,000
- 3) Selling price per unit Rs.18

b) The following information is obtained from M/s A.C.C. Ltd for the year 2014. 8

Particulars	Rs.
Sales	1,20,000
- Variable cost	96,000

Gross profit	24,000
- Fixed cost	16,000

Net profit	8,000

Find out:

- 1) P. V. R. 2) Break Even point.
- 3) Profit from the sales of Rs. 1,80,000 4) Required sales to earn a profit Rs. 16,000.

OR

c) From the following information: 16

Year's	Sales ₹	Loss ₹
2014	50,000	8,000
2015	60,000	6,000

Find out :

- 1) P. V. Ratio
- 2) Fixed cost
- 3) B. E. P.
- 4) Variable cost for 2014
- 5) Sales required to earn a profit of Rs.12,000
- 6) Profit on the sales of Rs.1,00,000.

3. a) The financial position of M/s SMS & Co. is as follows. 8

	2015
Sales	10,00,000
- Cost of Goods sold	7,00,000

Gross profit	3,00,000
- Selling Expenses	70,000
Administrative Exp.	40,000

Net profit	1,90,000

Find out:

- 1) Gross profit Ratio
- 2) Net profit Ratio
- 3) Operating Ratio
- 4) Selling & administrative Ratio (each)

b) From the following information calculate :

- a) Debtors Turnover Ratio.
 - b) Average collection period.
- Total sales During 2015 – Rs. 2,50,000
Cash sales During 2015 – Rs. 50,000
Debtors on 1 January 2015 Rs. 95,000
Debtors on 31st December 2015 Rs.1,05,000

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OR

c) Following is the Trading and profit & loss A/c of Poonam Motor Ltd.

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Trading and Profit & Loss A/c			
Particulars	₹	Particulars	₹
To opening stock	99,500	By sales	8,50,000
To purchases	5,45,250	By closing stock	1,49,000
To direct Expenses	14,000		
To wages	250		
To gross profit	3,40,000		
	9,99,000		9,99,000
To selling Exp.	30,000	By Gross profit	3,40,000
To administrative Exp.	1,50,000	By Non-operating income	3,000
To finance Exp.	15,000	By profit on sale of shares	6,000
To Non-operating Exp. (Loss on sale of Assets)	4,000		
To Net profit	1,50,000		
	3,49,000		3,49,000

Find out:

- 1) Gross profit Ratio.
- 2) Net profit Ratio
- 3) Expenses Ratio (Each Expenses)
- 4) Net operating Ratio.

4. a) From the following information prepare statement showing changes in working capital.

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Particulars	2014 Rs.	2015 Rs.
Land	25,000	33,000
Cash	30,000	47,000
Debtors	90,000	80,000
Stock	60,000	70,000
	2,05,000	2,30,000
Capital	1,40,000	1,74,000
Creditors	50,000	35,000
Profit & loss A/c	15,000	21,000
	2,05,000	2,30,000

- b) Prepare fund flow statement from the following information.

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Particulars	31-03-2011	31-03-2012
Cash	2,000	2,500
Stock	3,100	3,200
Sundry debtors	2,400	2,700
Other current assets	800	700
Fixed Assets	5,000	5,800
Accumulated Depreciation	2,100	2,500
Sundry creditors	2,000	2,100
Long Term Loan	1,400	1,300
Equity share capital	5,000	5,300
Profit & loss A/c (CR Balance)	2,800	3,700

Additional Information:

- 1) Assets (Fixed) costing Rs.1,200 purchased 2011-2012
- 2) Fixed Assets costing Rs.400 [on which depreciation of Rs.150 has been charged so far] was sold at book value 2011-12
- 3) Depreciation of Rs.550 for the year 2011-2012 is debited to P & L A/c.
- 4) Dividend of Rs.300 has been paid during 2011-2012.
- 5) The profit for the year 2011-2012 was Rs. 1,200

OR

- c) Prepare statement of sources and application of funds and supporting schedule of working capital.

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Particulars	31-12-2014	31-12-2015
Assets:		
Cash	3,000	4,700
Stock	28,000	19,000
Debtors	12,000	11,500
Machinery	1,40,000	1,85,000
Land & Building	50,000	49,500
	2,33,000	2,69,700
Liabilities:		
Share capital	1,20,000	1,70,000
Debentures	42,000	34,000
Profit and loss A/c	28,000	32,500
Accounts payable	14,000	15,200
Bank overdraft	29,000	18,000
	2,33,000	2,69,700

Additional Information:

- i) During the year Dividend of Rs. 20,000 was paid.
- ii) Depreciation on Machinery was Rs.14,000
- iii) Taxes paid during the year were Rs. 9,000

5. Write in short answer:

- a) State the advantages of management accounting.
- b) What are the uses of BEP.
- c) Write the importance of 'current ratio' in a business.
- d) Explain the term of working capital.

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