

Government College for Women, Parade
B. Com, Semester-VI
Management Accounting (Non-CBCS)

C.No: BCG 601

Time: 3 hours
M.Marks: 80

Section-A

(Attempt all questions and each question carries 05 marks)

1. What are the advantages of Management Accounting (Any 5).
2. Distinguish between Marginal Costing and Absorption Costing.
3. Write short notes on a) Profit-Volume Ratio b) Break-Even Point
4. Discuss the limitations of Cash Flow Statement.

Section-B

(Attempt any one question from each unit. Each question carries 15 marks)

Unit-I

5. Define Working Capital. What are the factors affecting Working Capital requirements.

OR

Prepare an estimate of Working Capital requirement from the following information of a trading concern:

a) Project annual sales	1,00,000 units
b) Selling Price	Rs 8 per unit
c) %age of net profit on sales	25%
d) Average credit period allowed to customers	8 weeks
e) Average credit period allowed by suppliers	4 weeks
f) Average stock holding in terms of sales requirement	12 weeks
g) Allow 10% for contingencies	

Unit-II

6. The following figures of sales and profits for two periods are available in respect of a concern:

	Sales Rs.	Profit Rs.
Period I	1,00,000	15,000
Period II	1,20,000	23,000
You are required to find out a) P/V Ratio b) Fixed Cost c) Break Even Point d) Profit at an estimated sale of Rs. 1,25,000 e) Sales required to earn a profit of Rs. 20,000		

OR

Calculate from the following data i) Value of the output at which the business breaks even, and
ii) The percentage of capacity at which it breaks even:

	Budget for the year 2011 Based on 100% capacity Rs	Estimated shut down Expenditure Rs
Direct wages	2,09,964	
Direct materials	2,44,552	
Works Expenses	1,81,820	93,528
Administrative expenses	30,000	20,508
Selling & distribution expenses	61,188	40,188
Net sales	8,40,000	

Unit-III

7. What do you mean by Standard Costing. What are its merits and demerits.

OR

From the following data calculate various material variances:

Standard		Actual		
Materials	Quantity(Units)	Price per unit(Rs)	Quantity (Units)	Price per unit(Rs)
A	80	8.00	90	7.50
B	70	3.00	80	4.00
	150		170	

Unit-IV

8. a) Distinguish between Fund Flow Statement and Cash Flow Statement.
b) The following are the summarised Balance Sheets of a company as on 31-12-2007.

Liabilities	2006 Rs.	2007 Rs.	Assets	2006 Rs.	2007 Rs.
Share Capital	1,00,000	1,25,000	Land & Building	1,00,000	95,000
General Reserve	25,000	30,000	Machinery	75,000	85,000
Profit & Loss A/C	15,250	15,300	Stock	50,000	37,000
Bank loan(Long term)	35,000	---	Sundry Debitors	40,000	32,100
Sundry Creditors	75,000	67,000	Cash	250	300
Provision for Taxation	15,000	17,500	Bank	---	4,000
			Goodwill(At cost)	---	1,500
Total	2,65,250	2,55,400		2,65,250	2,55,400

Additional information:

During the year ended 31 Dec 2007:

- i) Dividend of Rs 11,500 was paid.
- ii) Depreciation Charged on Land & Building Rs 5,000.
- iii) Machinery was further purchased for Rs 19,000.
- iv) Depreciation written off on machinery Rs 6,000.
- v) Income Tax provided during the year Rs 16,500.
- vi) Loss on sale of machinery Rs 100 was written off to General Reserve.

You are required to prepare Cash Flow Statement.

OR

a) What is the significance of Cash Flow Statement.

b) The following are the summarised Balance Sheets of Good Luck Company:

Liabilities	2010 Rs.	2011 Rs.	Assets	2010 Rs.	2011 Rs.
Equity Share capital	1,00,000	1,42,000	Land	24,000	48,000
7% preference share capital	80,000	80,000	Building & Equipment	1,80,000	2,88,000
Profit & Loss A/C	75,900	81,900	Debtors	84,000	84,000
Creditors	1,20,000	1,08,000	Inventory	1,32,000	48,000
Outstanding expenses	12,000	24,000	Pre-paid rent	1,800	2,400
Provision for taxation	6,000	6,600	Pre-paid insurance	2,100	2,100
Provision for depreciation	60,000	66,000	Cash	30,000	36,000
Total	4,53,900	5,08,500		4,53,000	5,08,500

Additional information:

- i) The company declared and paid dividend of Rs 36,000 during the year 2011.
- ii) Tax paid during the year 2011 Rs 7,000.
- iii) A truck costing Rs 36,000 and with accumulated depreciation of Rs 24,000 was sold at a profit of Rs 600.

You are required to prepare Cash Flow Statement.