



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 × 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.

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- 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 )**

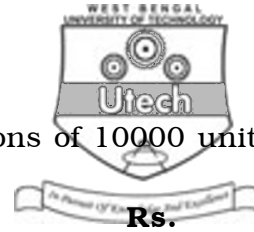
Answer any *three* of the following.  $3 \times 15 = 45$

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			
<b>TOTAL</b>	<b>2,80,000</b>	<b>3,20,000</b>	<b>Total</b>	<b>2,80,000</b>	<b>3,20,000</b>

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 :

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.

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

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

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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.

