

Roll No .....

**MAM-604****Master of Applied Management (Dual Degree),  
VI Semester**

Examination, June 2017

**Management Accounting****Time : Three Hours****Maximum Marks : 70**

- Note:** i) Attempt any Five questions.  
ii) Each question carries equal marks.

1. Define Management Accounting. Explain nature and scope of Management Accounting. How it is different from Cost Accounting?
2. What do you mean by Budget and Budgetary Control System? Explain different types of budgets.
3. Explain the concept of Management Audit. What are the benefits of Management Audit? Explain.
4. The following are the comparative Balance Sheets for the year 2014 and 2015.

Liabilities	2014 (Rs.)	2015 (Rs.)	Assets	2014 (Rs.)	2015 (Rs.)
Share Capital	70,000	74,000	Land	20,000	30,000
Debentures	12,000	6,000	Goodwill	10,000	5,000
Creditors	10,360	11,840	Debtors	14,900	17,700
Reserve for Discount on Debtors	700	800	Inventories	49,200	42,700
P & L A/c	10,040	10,560	Cash	9,000	7,800
	<b>1,03,100</b>	<b>1,03,200</b>		<b>1,03,100</b>	<b>1,03,200</b>

The following additional information is available -

- i) Dividends amounting to Rs. 3,500 were paid during 2015.
- ii) Land was purchased for Rs. 10,000 and a sum of Rs. 5,000 was written off against goodwill account.
- iii) Debentures amounting to Rs. 6,000 were paid.

Prepare a Cash Flow Statement as per Accounting Standard III (Revised) on the basis of the above data.

5. Company X and company Y is under same management which make and sell the same type of product Z. Their budgeted Profit and Loss A/c for March 31<sup>st</sup>, 2014 are as under:

**Trading & Profit & Loss A/c****For the Year ended on 31<sup>st</sup> March, 2014**

Particulars	Amount A Co.	Amount B Co.	Particulars	Amount A Co.	Amount B Co.
To Variable Cost	2,40,000	2,00,000	By Sales	3,00,000	3,00,000
To Fixed Cost	30,000	70,000			
To Profit	30,000	30,000			
Total Rs.	3,00,000	3,00,000	Total Rs.	3,00,000	3,00,000

You are required to calculate for each company:

- a) The Break-even Point.
  - b) P/V Ratio.
  - c) Margin of Safety.
  - d) The amount of net profit which is expected to earn at a sale of Rs. 4,20,000.
6. XYZ Ltd. is proposing to start its business from 1st April, 2015. For this it has decided to deposit Rs. 2,00,000 in its Bank Current Account for meting out its day-to-days expenses initially out of the amount received from IPO brought in March, 2015. Forecasting for different items is as follows:

[3]

Particulars	April	May	June	July	August	Sept.
Purchases	1,00,000	80,000	60,000	80,000	80,000	1,00,000
Wages	80,000	1,00,000	80,000	80,000	1,00,000	80,000
Expenses	8,000	10,000	8,000	8,000	10,000	8,000
Credit Sales	1,20,000	1,40,000	1,60,000	1,60,000	1,80,000	2,40,000
Cash Sales	Nil	5,000	5,000	5,000	5,000	5,000

## Additional Information:

- Cheque of credit sales will be received and realized two months after the month of sale.
- 3% brokerage is payable on credit sales when the cheque are realized.
- Purchases will be on credit basis. The creditors will be paid in the following month of the purchase.
- Wages and expenses are payable in the same month of their accrual.
- A machine is to be purchased for Rs. 1,00,000 in the month of April, 2015 and the payment becomes due immediately in the same month.

You are required to prepare a cash budget for the first six months and show the company management what month how much amount of bank overdraft is to be arranged.

7. A radio manufacturer finds that while it costs Rs. 6.25 per unit to make component XX-09, the same is available in the market at Rs. 5.75 each. Continuous supply is also fully assured. The breakdown of costs is -

Particulars	Amount (Rs.)
Materials (Per Unit)	2.75
Labour (Per Unit)	1.75
Other Variable Expenses (Per Unit)	0.50
Fixed Expenses (Per Unit)	1.25
Total Cost (Per Unit)	6.25

[4]

- Will you make or buy?
- What would be your decision, if the supplier offered the component at Rs. 4.85 per unit?

8. Below is the summarized Balance Sheet and Profit and Loss A/c of a company for the year ended 31st March, 2015.

## Balance Sheet as on 31st March, 2015

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Share Capital	4,00,000	Fixed Assets	11,00,000
Reserve and Surplus	3,00,000	Liquid Assets	3,00,000
Bank Overdraft	4,00,000	Other current Assets	5,00,000
Other Current Liabilities	8,00,000		
<b>Total Rs.</b>	<b>19,00,000</b>	<b>Total Rs.</b>	<b>19,00,000</b>

## Profit and Loss Account

For the year ended on 31st March, 2015

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Opening Stock	2,00,000	Sales (Net)	38,00,000
To Purchases	22,00,000	Closing Stock	3,00,000
To Expenses	3,00,000		
To Net Profit	14,00,000		
<b>Total Rs.</b>	<b>41,00,000</b>	<b>Total Rs.</b>	<b>41,00,000</b>

Calculate the following Ratios:

- Current Ratio.
- Liquid Ratio.
- Debt Equity Ratio.
- Total Asset to Turnover Ratio.