



ENGINEERING & TECHNOLOGY EXAMINATIONS, DECEMBER - 2005
MANAGEMENT ACCOUNTING
SEMESTER - 3

Time : 3 Hours]

[Full Marks : 70

The questions are of equal value.

The figures in the margin indicate full marks.

Candidates are required to give their answers in their own words as far as practicable.

Note : Answer five full questions.

1. a) What do you understand by the term "Transaction" ? 2
- b) What are the various types of Accounts ? Discuss. 3
- c) What are the objectives of a Trial Balance ? 4
- d) Discuss some errors not disclosed by a Trial Balance. 5
2. a) What are the different types of costs ? Explain. 3
- b) Why is Cash Book referred to as a Journalised ledger or Journal-cum-Ledger ? 3
- c) What is a Break-even Point ? Explain how it can be computed based on variable and fixed costs of a firm. 8

[Turn over



3. From the following figures extracted from the books of M/s Gupta & Co., prepare Trading and Profit and Loss A/c for the year ended 31st March, 2005 and a Balance Sheet as on that date after making the necessary adjustments :

Particulars	Rs.	Particulars	Rs.
Capital	2,28,000	Stock as on 1. 4. 04	38,500
Drawings	13,200	Wages	35,200
Plant and Machinery	99,000	Sundry Creditors	44,000
Freehold Property	86,000	Postage & Telegrams	1,540
Purchases	1,10,000	Insurance	1,760
Return Outwards	1,100	Gas & Fuel	2,970
Salaries	13,200	Bad Debts	660
Office Expenses	2,750	Office Rent	2,860
Office Furniture	5,500	Freight	9,900
Discount Allowed	1,320	Loose Tools	2,200
Sundry Debtors	29,260	Factory Lighting	1,100
Loan to Chandan @ 10% p.a.		Provision for Doubtful Debts	660
taken on 1. 4. 04	44,000	Interest on loan to	
Cash at Bank	29,260	Shri Chandan	1,100
Bills Payable	5,500	Cash in Hand	2,640
Sales	2,31,440		

Adjustments :

- Stock on 31st March, 2005 was valued at Rs. 72,600.
- A new machine was installed during the year costing Rs. 15,400 but it was not recorded in the books as no payment were made for it. Wages Rs. 1,100 paid for its erection have been debited to Wages Account.
- Depreciate Plants & Machinery by $33\frac{1}{3}\%$, Furniture by 10%, Freehold property by 5%
- Loose tools were valued at Rs. 1,760 on 31. 3. 2005.
- Of the Sundry debtors Rs. 660 are bad and should be written off
- Maintain a provision of 5% on Sundry Debtors for Doubtful Debts.
- The manager is entitled to a commission of 10% of the net profits after charging such commission.

4. From the following particulars prepare a statement of cost :

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	Rs.		Rs.
Opening stock of raw materials	25,000	Fuel, Gas, Water, etc.	1,000
Purchases of raw materials	70,000	Repairs to plants	600
Raw materials return	2,000	Depreciation on machine	1,400
Closing stock of raw materials	18,800	Office Expenses	1,500
Productive wages	18,000	Direct chargeable expenses	800
Non-productive wages	2,000	Advertising	1,200
Salary to Office-staff	5,000	Abnormal loss of raw	
Carriage Inward	500	materials	1,200
Carriage Outward	1,500		
Rent of workshop	2,500		

5.

Profit & Loss Account for the year ending 31st March, 2005

	Rs.		Rs.
To Opening Stock	99,500	By Sales	8,50,000
" Purchases	5,45,250	" Closing Stock	1,49,000
" Incidental Expenses	14,250		
" Gross Profit c/d	3,40,000		
	9,99,000		9,99,000
To Non-operating Expenses	1,99,000	By Gross Profit b/d	3,40,000
" Net Profit	1,50,000	" Non-operating Income	9,000
	3,49,000		3,49,000

[Turn over]



Balance Sheet as at 31st March, 2005

	Rs.		Rs.
2,000 Equity Shares of Rs. 100/- each	2,00,000	Fixed Assets	2,30,000
Reserve	90,000	Stock	1,49,000
Current Liabilities	1,30,000	Debtors	71,000
Profit & Loss Account	60,000	Cash & Bank	30,000
	4,80,000		4,80,000

Compute Gross Profit Ratio, Current Ratio, Stock turn-over Ratio, Return on Total Resources, Turn-over of Fixed Assets, Turn-over of Total Assets, Bills Turn-over Ratio.

6. Write notes on any four :

7 × 2

4 × 3 1/2

- Cost centre
- Cost unit
- Out of pocket cost & Imputed cost
- Elements of cost
- Job costing
- Uniform costing.

7. a) From the following information, compute P/V Ratio, Fixed Cost. The profit when sales are Rs. 4,00,000.

2 × 5

Sales required to earn profit of Rs. 1,50,000.

Break-even point (sales).

		Rs.		Rs.
Period I	Sales	5,00,000	Profit	50,000
Period II	Sales	8,00,000	Profit	98,000

b) Write a note on Margin of Safety.

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8. Discuss some financial accounting computer packages.

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