



Date: 20-11-2024

 Dept. No. 

Max. : 100 Marks

Time: 09:00 am-12:00 pm

**SECTION A - K1 (CO1)**
**Answer ALL the Questions**
**(10 x 1 = 10)**
**1. Define following:**

- a) Management Accounting
- b) Solvency Ratio
- c) Zero Based Budget
- d) Margin of Safety
- e) Variance

**2. Fill in the blanks:**

- a) Management Accounting focuses on providing financial information to \_\_\_\_\_ in order to facilitate decision-making.
- b) The \_\_\_\_\_ ratio measures a company's ability to cover its short-term obligations with its most liquid assets.
- c) A \_\_\_\_\_ budget is a financial plan that adjusts for different levels of activity or production within an organization.
- d) In Marginal Costing, the \_\_\_\_\_ cost is the cost that changes in direct proportion to the change in the activity level or volume of production.
- e) \_\_\_\_\_ variance indicates the difference between the actual cost and the standard cost due to changes in the cost of materials.

**SECTION A - K2 (CO1)**
**Answer ALL the Questions**
**(10 x 1 = 10)**
**3. Match the following**

- a) Management Accounting - Measures profitability and liquidity
- b) Current Ratio - Difference between standard and actual cost
- c) Flexible Budget - Focuses on providing internal financial information
- d) Contribution Margin - Adjusts based on different activity levels
- e) Variance Analysis - Selling price minus variable costs

**4. True or False**

- a) Management Accounting is primarily concerned with providing information to external stakeholders like investors and creditors.
- b) A higher debt-equity ratio indicates a lower financial risk for a company.
- c) A flexible budget is designed to remain the same regardless of changes in the level of activity.
- d) In Marginal Costing, fixed costs remain constant per unit as production increases.
- e) Labour variance measures the difference between the actual quantity sold and the budgeted quantity multiplied by the standard selling price.

**SECTION B - K3 (CO2)**
**Answer any TWO of the following in 100 words each.**
**( 2 x 10 = 20)**

5. From the following balance sheet of Raj Ltd. Prepare a comparative balance sheet.

Balance sheet as on 31st December 2020

Liabilities	2019	2020	Assets	2019	2020
-------------	------	------	--------	------	------

Bills Payable	50	75	Cash	50	70
Tax Payable	100	150	Debtors	300	450
Creditors	150	200	Stock	100	200
Debentures	100	150	Land	100	120
Preference share capital	300	300	Buildings	200	180
Equity share capital	200	250	Machinery	250	225
Reserves	200	250	Furniture	100	80

6.	<p>Following are the ratios relating to the trading activities of RR Ltd.</p> <table> <tr> <td>Receivables turnover</td><td>90 days (360 days year)</td></tr> <tr> <td>Inventory turnover</td><td>3 times</td></tr> <tr> <td>Payable turnover</td><td>3 months</td></tr> <tr> <td>Gross profit ratio</td><td>25%</td></tr> </table> <p>Gross profit for the year amounted to Rs.18,000. Closing inventory of the year is Rs.2,000 above the opening inventory. Bills receivable amount to Rs.2,500 and bills payable Rs.1,000.</p> <p>Ascertain the following:</p> <ol style="list-style-type: none"> <li>Sales</li> <li>Debtors</li> <li>Closing Inventory</li> <li>Sundry creditors</li> </ol>				Receivables turnover	90 days (360 days year)	Inventory turnover	3 times	Payable turnover	3 months	Gross profit ratio	25%																																				
Receivables turnover	90 days (360 days year)																																															
Inventory turnover	3 times																																															
Payable turnover	3 months																																															
Gross profit ratio	25%																																															
7.	<p>Following is the trading and P&amp;L Account of a company for the year ending 31st Dec, 2021</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Amount</th> <th>Particulars</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>To Opening Stock</td> <td>100000</td> <td>By sales</td> <td>560000</td> </tr> <tr> <td>To Purchases</td> <td>350000</td> <td>By Closing stock</td> <td>100000</td> </tr> <tr> <td>To Wages</td> <td>9000</td> <td></td> <td></td> </tr> <tr> <td>To Gross profits</td> <td>201000</td> <td></td> <td></td> </tr> <tr> <td></td> <td>660000</td> <td></td> <td>660000</td> </tr> <tr> <td>To Administration Expenses</td> <td>20000</td> <td>By Gross profit</td> <td>201000</td> </tr> <tr> <td>To Selling and Distribution expenses</td> <td>89000</td> <td>By Interest on investments</td> <td>10000</td> </tr> <tr> <td>To Non-operating expenses</td> <td>30000</td> <td>By profits on sale of investments</td> <td>8000</td> </tr> <tr> <td>To Net profits</td> <td>80000</td> <td></td> <td></td> </tr> <tr> <td></td> <td>219000</td> <td></td> <td>219000</td> </tr> </tbody> </table> <p>Calculate</p> <ol style="list-style-type: none"> <li>Gross Profit ratio</li> <li>Net Profits ratio</li> <li>Operating profit ratio</li> <li>Operating Ratio</li> </ol>				Particulars	Amount	Particulars	Amount	To Opening Stock	100000	By sales	560000	To Purchases	350000	By Closing stock	100000	To Wages	9000			To Gross profits	201000				660000		660000	To Administration Expenses	20000	By Gross profit	201000	To Selling and Distribution expenses	89000	By Interest on investments	10000	To Non-operating expenses	30000	By profits on sale of investments	8000	To Net profits	80000				219000		219000
Particulars	Amount	Particulars	Amount																																													
To Opening Stock	100000	By sales	560000																																													
To Purchases	350000	By Closing stock	100000																																													
To Wages	9000																																															
To Gross profits	201000																																															
	660000		660000																																													
To Administration Expenses	20000	By Gross profit	201000																																													
To Selling and Distribution expenses	89000	By Interest on investments	10000																																													
To Non-operating expenses	30000	By profits on sale of investments	8000																																													
To Net profits	80000																																															
	219000		219000																																													
8.	<p>Explain the various sources and applications of funds.</p>																																															

---

**SECTION C – K4 (CO3)**

**Answer any TWO of the following in 100 words each.**

$$(2 \times 10 = 20)$$

9.	Abi Ltd. furnishes you with the following Balance Sheets for the years ending 31st Dec 2019-2020. You are required to prepare a cash flow statement for the year ended 31st Dec 2020.					
Balance sheets						
	Liabilities	2019 Rs.	2020 Rs.	Assets	2019 Rs.	2020 Rs.
	Equity share capital	20000	20000	Goodwill	2400	2400
	General Reserve	2800	3600	Land	8000	7200
	P & L A/c	3200	2600	Building	7400	7200
	Sundry Creditors	1600	1080	Investments	2000	2200
	Outstanding Expenses	240	160	Inventories	6000	4680
	Provision for Tax	3200	3600	Bills Receivable	4000	4440
	Provision for Bad debts	80	120	Bank Balance	1320	3040

The following additional information has been supplied.

a. A piece of land has also been sold for Rs.800

b. Depreciation amounting to Rs.1400 has been charged to the building.

c. Provision for taxation has been made for Rs.3800 during the year.																																																				
10.	Prepare a flexible budget for overheads on the basis of the following data. Ascertain overhead rate at 50%, 60%, and 70% Capacity.																																																			
	<table> <tr> <td>Variable Overheads</td><td colspan="3">At 60% Capacity</td></tr> <tr> <td></td><td colspan="3">(Rs.)</td></tr> <tr> <td>Indirect Material</td><td colspan="3">6000</td></tr> <tr> <td>Indirect Labour</td><td colspan="3">18000</td></tr> <tr> <td>Semi-Variable Overheads</td><td colspan="3"></td></tr> <tr> <td>    Electricity (40% Fixed, 60% Variable)</td><td colspan="3">30000</td></tr> <tr> <td>    Repairs (80% Fixed, 20% Variable)</td><td colspan="3">3000</td></tr> <tr> <td>Fixed Overheads</td><td colspan="3"></td></tr> <tr> <td>    Depreciation</td><td colspan="3">16500</td></tr> <tr> <td>    Insurance</td><td colspan="3">4500</td></tr> <tr> <td>    Salaries</td><td colspan="3">15000</td></tr> <tr> <td>Estimated Direct Labour Hours</td><td colspan="3">186000 Hours</td></tr> </table>				Variable Overheads	At 60% Capacity				(Rs.)			Indirect Material	6000			Indirect Labour	18000			Semi-Variable Overheads				Electricity (40% Fixed, 60% Variable)	30000			Repairs (80% Fixed, 20% Variable)	3000			Fixed Overheads				Depreciation	16500			Insurance	4500			Salaries	15000			Estimated Direct Labour Hours	186000 Hours		
Variable Overheads	At 60% Capacity																																																			
	(Rs.)																																																			
Indirect Material	6000																																																			
Indirect Labour	18000																																																			
Semi-Variable Overheads																																																				
Electricity (40% Fixed, 60% Variable)	30000																																																			
Repairs (80% Fixed, 20% Variable)	3000																																																			
Fixed Overheads																																																				
Depreciation	16500																																																			
Insurance	4500																																																			
Salaries	15000																																																			
Estimated Direct Labour Hours	186000 Hours																																																			
11.	The Budgeted results for Ramesh & Co., Ltd include the following:																																																			
	<table border="1"> <thead> <tr> <th>Product</th><th>Sales (Rs. In Lakhs)</th><th>Variable Cost as % of Sales Value</th></tr> </thead> <tbody> <tr> <td>A</td><td>50</td><td>60%</td></tr> <tr> <td>B</td><td>40</td><td>50%</td></tr> <tr> <td>C</td><td>80</td><td>65%</td></tr> <tr> <td>D</td><td>30</td><td>80%</td></tr> <tr> <td>E</td><td>44</td><td>75%</td></tr> </tbody> </table>				Product	Sales (Rs. In Lakhs)	Variable Cost as % of Sales Value	A	50	60%	B	40	50%	C	80	65%	D	30	80%	E	44	75%																														
Product	Sales (Rs. In Lakhs)	Variable Cost as % of Sales Value																																																		
A	50	60%																																																		
B	40	50%																																																		
C	80	65%																																																		
D	30	80%																																																		
E	44	75%																																																		
	Fixed overhead for the period is Rs. 90 lakhs. You are required to:																																																			
	<ol style="list-style-type: none"> <li>Prepare a statement showing the amount of loss expected.</li> <li>Recommend a change in the sale volume of each product which will eliminate the expected loss.</li> </ol>																																																			
	Assume that the sale of only one product can be increased at a time.																																																			
12.	From the following information, Calculate																																																			
	a. Material Cost Variance		b. Material Price Variance																																																	
	c. Material Usage Variance		d. Material Mix Variance																																																	
	e. Material Subusage Variance																																																			
	<table> <thead> <tr> <th>Material</th><th>Standard Qty (Kgs)</th><th>Standard Price (Rs.)</th><th>Actual Qty (Kgs)</th><th>Actual Price (Rs.)</th></tr> </thead> <tbody> <tr> <td>A</td><td>20</td><td>5</td><td>24</td><td>4</td></tr> <tr> <td>B</td><td>16</td><td>4</td><td>14</td><td>4.5</td></tr> <tr> <td>C</td><td>12</td><td>3</td><td>10</td><td>3.25</td></tr> <tr> <td></td><td>48</td><td></td><td>48</td><td></td></tr> </tbody> </table>				Material	Standard Qty (Kgs)	Standard Price (Rs.)	Actual Qty (Kgs)	Actual Price (Rs.)	A	20	5	24	4	B	16	4	14	4.5	C	12	3	10	3.25		48		48																								
Material	Standard Qty (Kgs)	Standard Price (Rs.)	Actual Qty (Kgs)	Actual Price (Rs.)																																																
A	20	5	24	4																																																
B	16	4	14	4.5																																																
C	12	3	10	3.25																																																
	48		48																																																	

---

**SECTION D – K5 (CO4)**

---

**Answer any ONE of the following in 250 words**

$$(1 \times 20 = 20)$$

13. Difference between financial accounting and management accounting.

14. A Newly started company wishes to prepare a cash budget from January, prepare a cash budget for the 6 months from the following estimated revenue and expenses. (in Rs.)

Months	Total sales	Materials	Wages	Production overhead	Selling overhead
January	20,000	20,000	4,000	3,200	800
February	22,000	14,000	4,400	3,300	900
March	24,000	14,000	4,600	3,300	800
April	26,000	12,000	4,600	3,400	900
May	28,000	12,000	4,800	3,500	900
June	30,000	16,000	4,800	3,600	1,000

a. Cash balance on 1st January was Rs. 10,000. A new machine is to be installed at Rs.30,000 on credit, to be repaid by two equal instalments in March and April.  
 b. Sales commission at 5% on total sales is to be paid within the month following actual sales.  
 c. Rs. 10,000 being the amount of 2nd call may be received in March.  
 d. Share premium amounting to Rs.2,000 is also obtained with 2nd call.  
 e. Period of credit allowed by suppliers – 2 months  
 f. Period of credit allowed to customers – 1 month  
 g. Delay in payment of overheads – 1 month  
 h. Delay in payment of wages is half month  
 i. Assume cash sales to be 50 % of the total sales.

**SECTION E – K6 (CO5)**

**Answer any ONE of the following in 250 words**

**(1 x 20 = 20)**

15. Prepare a Balance sheet with as many details as possible from the following information.

Net Working Capital	Rs.3,00,000
Stock Turnover Ratio	6 times
Gross Profit Ratio	20%
Debtors Turnover	6 times
Fixed assets to net worth	0.80
Reserves to Capital	0.50
Current Ratio	2.50
Liquid Ratio	1.50

16. From the particulars given below calculate:

- a. P/V ratio
- b. Fixed expenses
- c. Break-even point
- d. Profit or Loss when sales are Rs. 12000
- e. Sales required to earn a profit of Rs.5000

Period	Sales (Rs.)	Profit/Loss (Rs.)
I	10000	-500
II	14000	1500

\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$