

Register Number-----
MBA Degree Examinations January 2010
First Semester

MBA 560 FINANCIAL COST AND MANAGEMENT ACCOUNTING

Time: Three Hours

Maximum Marks: 100

PART – A

(1 x 20 = 20 Marks)

1. The following information is given
- | | |
|---|---------------|
| Current ratio | 2.5 |
| Liquidity ratio | 1.5 |
| Net working capital | Rs. 3, 00,000 |
| Stock turnover ratio
(Cost of Sales / closing stock) | 6 times |
| Gross profit ratio | 20% |
| Fixed Asset turnover ratio | 2 times |
| Average debt collection period | 2 months |
| Fixed Assets: Shareholders Net worth | 1:1 |
| Reserves: Share capital | 0.5:1 |
- Draw up a Balance sheet from the above information

PART – B

(10 x 2 = 20 Marks)

2. Define Accounting
3. Differentiate Trial Balance and Balance sheet
4. Differentiate standard costing and budgetary control
5. What is a cost sheet?
6. What is trend Analysis?
7. Name various sources of funds.
8. Compare budget, budgeting and budgetary control
9. Define Marginal cost
10. How is Margin of safety calculated?
11. Differentiate fixed and flexible budget.

PART – C

(4 x 15 = 60 Marks)

- 12.a What are accounting concepts and conventions? Explain them clearly
(or)
- b. From the following prepare trading account profit and loss account and balance sheet as on 31st December 2010.

Particulars	Debit Balance	Credit Balance
Opening Stock	10,000	
Cash and bank	4,000	25,000
Purchase and Sales	70,000	90,000
Returns	3,000	4,000
Debtors and Creditors	30,000	21,000
Buildings	30,000	
Capital		30,000
Furniture and fittings	7,000	
Bad debt reserve		2,000
Petty cash	200	
Carriage inward	800	
Salaries	11,000	
Interest charged by bank	500	
Sundry trade expenses	6,000	
Insurance premium paid for the year up to 30.6.2011	1,000	
Telephone charges	500	
Commission		2,000

Additional Information

- a. Closing stock Rs. 15000
 - b. Building and furniture and fittings are to be depreciated by 10% and 20% respectively.
 - c. Bad debts Rs. 1000 are to be written off and reserve of 5% is to be kept on remaining debtors.
 - d. Commission received in advance Rs. 1000.
- 13 (a) i. Describe briefly the different methods of costing (5)

- ii. From the following figures, prepare a cost sheet showing cost per unit
And profit for the period.

Raw materials consumed	Rs. 80,000
Direct wages	Rs. 48,000
Machine Hours worked	Rs. 8,000
Machine Hours rate	Rs. 4
Office Overhead	10% of factory cost
Selling overhead	Rs. 1.50 per Unit
Units produced	4000
Units sold	3600 at Rs. 50/- each

(or) (10 marks)

- (b) Prepare Stores Ledger Account under Simple Average Method and Weighted Average Method

Jan. 2	Purchases 4000 units @ Rs. 4/- each
20	Purchases 500 units @ Rs. 5/- each
Feb. 5	Issues 2000 units
10	Purchases 6000 units @ Rs.6/- each
Feb. 12	Issues 4000 units
Mar. 2	Issues 1000 units
Mar. 5	Issues 2000 units
Mar. 15	Purchases 4500 units
Mar. 20	Issues 3000 units

- 14.(a) i. Differentiate Financial, cost and Measurement Accounting (10 Marks)

- ii. Explain in brief the techniques of financial statement analysis (5 Marks)
(Or)

- b. The following information at 50% capacity is given. Prepare a flexible Budget and forecast the profit or loss at 60%, 70% and 90% capacity.

	Expenses at 50% Capacity Rs.
Fixed Expenses	
Salaries	50,000
Rent and Taxes	40,000
Depreciation	60,000
Administrative Expenses	70,000

Variable Expenses		
Materials		2, 00,000
Labour		2, 50,000
Others		40,000
Semi Variable Expenses		
Repairs		1, 00,000
Indirect Labour		1, 50,000
Others		90,000

It is estimated that fixed expenses will remain constant at all capacities. Semi-variable expenses will not change between 45% and 60% capacity, will rise by 10% between 60% and 75% capacity, a further increase of 5% when capacity crosses 75%.

Estimated sales at various levels of capacity are.

Capacity	Sales (Rs)
60%	11, 00,000
70%	13, 00,000
90%	15, 00,000

15. a. i. Differentiate fund flow and cash flow statement (5 Marks)
- ii. The following are the summaries of the Balance sheets of A Ltd as of 31st March 2009 and 2010.

Liabilities	2009	2010	Assets	2009	2010
Share Capital	2, 00,000	2, 50,000	Land	2,00,000	1,90,000
General Reserve	50,000	60,000	Plant	1,50,000	1,74,000
P & L A/C	30,500	30,600	Stock	1,00,000	74,000
Bank Loan			Debtors	80,000	64,200
(Short term)	70,000	---	Cash	500	600
Creditors	1,50,000	1,35,200	Bank	---	8,000
Provision for	30,000	35,000			
Taxation	-----	-----		-----	-----
	5,30,500	5,10,800		5,30,500	5,10,800
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Adjustments:

1. Depreciation was written off Plant Rs. 14,000 in 2010
2. Dividend of Rs. 20000 was paid during 2010
3. Income Tax provision made during the year was Rs. 25000
4. A piece of land has been sold during the year at cost. (10 marks)

Prepare a fund flow statement

(or)

- b. The following figures of sales and profits for two periods and 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

1. P/V ratio
2. Fixed cost
3. BEP
4. Profit at an estimated sale of Rs. 1,25,000
5. Sales required to come target profit of Rs. 2000
6. Margin of safety for period I & II
7. Variable Expenses