(6 pages)

MAY 2011

P/ID 77504/PMBD/ PMB1D

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE questions.

All questions carry equal marks.

1. Discuss the nature of management accounting.

2. What are the limitations of ratio analysis?

3. Explain briefly the different types of budgetary control system.

4. Distinguish between cost accounting and management accounting.

5. Explain the features of fund flow statement.

6. Explain the controllable and non controllable variance in standard costing.

7. Explain the elements of costing.

8. Explain graphically break-even analysis.

PART B — (5 × 10 = 50 marks)

Answer any FIVE questions.

All questions carry equal marks.

9. Explain the scope of management accounting with example.

10. Explain the uses of accounting in business decision-making.

11. Explain the process and problems of zero based budgeting.

12. The following data relate to Satyam & Co.

Cash and mark table securities	Rs. 10,000
Fixed assets	Rs. 28,350
Sales	Rs. 1,00,000
Net profit	Rs. 5,000
Current ratio	3 : 1
Quick ratio	2 : 1
Average collection periods	40 days
Return on equity	12%

Calculate :

(a) accounts receivable

(b) return on assets

(c) equity

(d) long term debt

(assume 360 days in a year)

13. You have been given the following statement of a company as at 31.12.2006 and 31.12.2007. You are required to prepare statement of sources and applications and funds.

Liability	2006	2007	Assets	2006	2007
Capital	6,00,000	10,00,000	Fixed assets	7,20,000	12,00,000
P/L a/c	1,60,000	2,90,000	Stock	1,00,000	1,40,000
Creditors	1,40,000	1,60,000	Debtors	70,000	50,000
			Cash	10,000	60,000
	9,00,000	14,50,000		9,00,000	14,50,000

Additional information :

(a) Depreciation on fixed assets amounts Rs. 20,000 for the year

(b) Dividend paid during the year Rs. 25,000.

14. The monthly budget for the manufacturing overhead of a concern were as follows :

Particulars	60% level of activity
Budgeted production	600 units
Direct material	Rs. 20 per unit
Direct labour	Rs. 10 per unit
Consumable stores (50% fixed)	Rs. 6,000
Maintenance (100% fixed)	Rs. 2,000
Power and fuel (20% fixed)	Rs. 2,400
Depreciation (100% fixed)	Rs. 5,000

Prepare a flexible budget for 80% and 100% level of activity and calculate cost per unit.

15. From the following data, calculate the material price and usage variance.

Consumption per 100 units of product

Material	Standard	Actual
A	40 units @ 50 Rs. per unit	50 units @ 50 Rs. per unit
B	60 units @ 40 Rs. per unit	60 units @ 45 Rs. per unit

16. The multipurpose company furnishes you the following data relating to a year

Particulars	I half	II half
Sales	45000	50000
Profit	5000	7000

Calculate :

(a) P/V ratio

(b) Fixed expenses

(c) Break even sales

(d) The amount of sales required to earn a profit of Rs. 10,000.

PART C — $(1 \times 20 = 20$ marks)

(Compulsory)

17. A company have a plan to purchase a machine. Two machine A and B are available, each costing Rs. 5 lahks. Indicate which machine would be profitable using NPV at 10% discount rate.

Year	Machine A (in lakh)	Machine B (in lakh)
1	1.5	0.5
2	2.0	1.5

Year	Machine A (in lakh)	Machine B (in lakh)
3	2.5	2.0
4	1.5	3.0
5	1.0	2.0