(6 pages)

MAY 2013

P/ID 77504/PMBD/ PMB1D/PMBSD

Time : Three hours Maximum : 100 marks

PART A — ($5 \times 6 = 30$ marks)

Answer any FIVE questions.

All questions carry equal marks.

1. Explain the objectives of management accounting.

2. What are the purpose of preparing the income statement? Explain.

3. List down and explain the limitations of ratio analysis.

4. Briefly explain the importance of capital budgeting.

5. What are the objectives of budgetary control? Explain.

6. State and explain the importance of cost accounting.

7. List down and explain the benefits of marginal costing.

8. What are the objectives of report writing? Explain.

PART B — ($5 \times 10 = 50$ marks)

Answer any FIVE questions.

All questions carry equal marks.

9. Explain the difference between management and financial accounting.

10. Draw out a specimen balance sheet using your imaginatory figures.

11. From the following information, prepare a Balance Sheet. Show the workings.

(a)	Working capital	Rs. 75,000
(b)	Reserves & surplus	Rs. 1,00,000
(c)	Bank overdraft	Rs. 60,000
(d)	Current ratio	1.75
(e)	Liquid ratio	1.15
(f)	Fixed assets to proprietor's fund	0.75
(g)	Long-term liabilities	Nil

12. Explain the merits and demerits of pay-back period method.

13. The expenses for budgeted production of 10,000 units in a factory are furnished below :

Particulars	Per unit Rs.
Material	70
Labour	25
Variable overheads	20
Fixed overheads (Rs. 1,00,000)	10
Variable expenses (Direct)	5
Selling expenses (10% fixed)	13
Distribution expenses (20% fixed)	7
Administration expenses (Rs. 50,000)	5
Total cost per unit	155

Prepare a budget for production of :

(a) 8,000 units

(b) 6,000 units

(c) Indicate cost per unit at both the levels.

Assume that administration expenses are fixed for all levels of production.

14. Draw out a specimen cost sheet while use your imaginatory figures.

15. Taj Corpn. Ltd. has prepared the following budget estimates for the year 2007–2008.

Sales units	15,000
Fixed expenses	Rs. 34,000
Sales	Rs. 1,50,000
Variable costs	Rs. 6 per unit

You are required to :

(a) Find the P/V ratio, break-even point and margin of safety.

(b) Calculate the revised P/V ratio, BEP and margin of safety in each of the following cases :

(i) Decrease of 10% in selling price

(ii) Increase of 10% variable costs

(iii) Increase of sales volume by 2,000 units

(iv) Increase of Rs. 6,000 in fixed costs.

16. What are the various steps involved in report writing? Explain.

PART C — (1 × 20 = 20 marks)

Compulsory.

17. From the following information relating to Raj Ltd., prepare Funds flow statement.

Balance Sheet

(In thousands of rupees)

Liabilities	2007	2008	Assets	2007	2008
	Rs.	Rs.		Rs.	Rs.
Share capital	300	400	Cash	30	90
Reserve	100	50	Accounts receivable	105	150
Retained earnings	30	60	Inventories	150	195
Accounts payable	45	135	Fixed assets	190	210
	475	645		475	645

The company issued bonus shares for Rs. 50,000 and for cash Rs. 50,000.

Depreciation written off during the year Rs. 15,000.