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	<b>M.B.A. I Semester (Main/Back) Examination, January - 2012</b> <b>M-105 Management Accounting - I</b>

**Time : 3 Hours**

**Maximum Marks : 70**

**Min. Passing Marks : 28**

**Instructions to Candidates:**

1. The question paper is divided into **two** sections A and B.
2. Section A contains **6** questions, out of which the candidate is required to attempt any **4** questions. Section B contains **1** question which is compulsory.
3. All questions carry **equal** marks.

**Section-A**

1. a) Highlight major difference between Management Accounting and Financial Accounting  
b) What is a company? Describe its characteristics.  
c) What is Representative Personal Account? Give some examples. (6+6+2)
2. The Balance Sheet of Veer Machinery Limited as on 31<sup>st</sup> March 2008-09 are as follows :

Liabilities	2008 Rs.	2009 Rs.	Assets	2008 Rs.	2009 Rs.
Share Capital	5,00,000	7,00,000	Land and Building	80,000	1,20,000
Profit and Loss Account	1,00,000	1,60,000	Plant and Machinery	5,00,000	8,00,000
General Reserve	50,000	70,000	Stock	1,00,000	75,000
Creditors	1,53,000	1,90,000	Debtor	1,50,000	1,60,000
Bills Payable	40,000	50,000	Cash	20,000	20,000
Out Standing Expenses	7,000	5,000			
	8,50,000	11,75,000		8,50,000	11,75,000

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1. Rs. 50,000 Depreciation has been charged on plant and machinery.
2. A piece of Machinery was sold for Rs. 8,000 during the year 2009. Its cost was Rs. 12,000 and depreciation of Rs. 7,000 had been provided on it. Prepare Statement showing changes in working capital, funds from operation and fund flow statement. (4+4+6)
3. a) Explain in details the items to be included in the report of corporate governance in the annual report of the company.  
b) ABC versus Traditional costing  
c) Steps in Budgetary Control. (5+5+4)
4. The following are the summarized balance sheet of Shree-Vas India Limited as on March 31<sup>st</sup> 2008 and 2009.

Liabilities	2008 Rs.	2009 Rs.	Assets	2008 Rs.	2009 Rs.
Share Capital	4,50,000	4,50,000	Plant and Machinery	4,00,000	3,20,000
General Reserve	3,00,000	3,10,000	Investments	50,000	60,000
Profit and Loss Account	56,000	68,000	Inventory	2,40,000	2,10,000
Creditors	1,68,000	1,34,000	Debtors	2,10,000	4,55,000
Provision for Taxation	75,000	10,000	Cash and Bank	1,49,000	1,97,000
Mortgage loan	----	2,70,000			
	10,49,000	12,42,000		10,49,000	12,42,000

**Additional Information :**

- a) Investment costing Rs. 8,000 were sold during the year for Rs. 8,500.
- b) Provision for Tax made during the year was Rs. 9,000.
- c) During the year part of the plant and machinery costing Rs. 10,000 were sold for Rs. 12,000. The profit was included in Profit and loss account.

- 4) Dividend paid during the year amounted to Rs. 44,080.

You are required to prepare Cash Flow Statement in new format as per Accounting Standard 3 (Revised) by indirect method. (14)

5. a) Difference between Marginal Costing and Absorption Costing.  
b) When Volume is 3000 units, average cost is Rs. 4 per unit. When volume is 4,000 units, average cost is Rs. 3.50. The Break Even Point is 5,000 units. Find the profit volume Ratio.  
c) ABC Limited has fixed cost of Rs. 2,00,000. It has two products that it can sell, A and B. The company sells these products at a rate of 2 units of A and to 1 units of B. The unit contribution is Rs. 1 per unit for A and Rs. 2 per unit for B. How many units of A and B would be sold at the Break even point ?  
d) It margin of safety is 40% of sales, find fixed cost when profit is Rs. 20,000.

(3+4+4+3)

6. a) The Following Trial Balance has been prepared by an experienced Accountant. Redraft it in correct form.

Trial Balance for the Year Ended 31<sup>st</sup> December, 2009

S.No.	Particulars	LF	Debit Amount Rs.	Credit Amount Rs.
1	Capital Account		8,000	
2	Purchases/Account		10,000	
3	Sales Account			8,000
4	Drawings			4,000
5	Sales Returns			3,000
6	Bad Debts			1,000
7	Sundry Debtors		6,000	
8	Sundry Creditors			8,000
9	Cash in Hand			3,000
10	Commission Received		1,000	
11	Bills Payable		2,000	
			27,000	27,000

b) Briefly explain the areas of performance appraisal.

c) Highlights some techniques of Financial Analysis.

(6+4+4)

**Section-B**

7. Followings are the calculated ratios of excellent guru.com.

S.No.	Ratio Name	Industry Average Ratio	Excellentguru.com Ratio
1	Current Ratio	2.4	2.5
2	Acid Test Ratio	1.5	1.07
3	Stock Turn Over Ratio	8	4
4	Debtor Collection Period	36	40
5	Solvency Ratio	40%	46.7%
6	Debt Equity Ratio	2:1	1.35:1
7	Coverage Ratio	6	5.56
8	Net Profit Margin	7%	7.7%
9	Price to Earning Ratio	15	4.88
10	Return on Total Assets	11%	8.2%

Based on the Ratio Analysis, as a company secretary, prepare a report of consideration of your board of directors clearly bringing out the reasons in respect of indentified problem areas and giving suggestions to solve them. (14)