

<b>Seat No.</b>	
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**M.B.A. (Part - I) (Semester - I) Examination, May - 2014**  
**MANAGEMENT ACCOUNTING (Paper - II)**  
**Sub. Code : 48321**

**Day and Date : Saturday, 24-05-2014**  
**Time : 2.30 p.m. to 5.30 p.m.**

**Total Marks : 70**

- Instructions :**
- 1) Q.No.1 and 5 are compulsory.
  - 2) Attempt any 2 questions from que. No. 2 , Q.3. Q.4.
  - 3) Figures to the right indicate full marks.

**Q1)** An investment of Rs. 6,00,000 in a capital project is expected to have cash inflows as under

- a) 1<sup>st</sup> year - Rs. 3,00,000, 2<sup>nd</sup> year - Rs. 2,50,000, 3<sup>rd</sup> year - Rs.2,00,000, 4<sup>th</sup> year - Rs. 1,50,000 and the 5<sup>th</sup> year - Rs.1,00,000.

The effective life of the asset is 5 years and at the end of the 5<sup>th</sup> year its scrap value would be Rs. 20,000. The required rate of return is 10%. Is the Investment desirable?

- b) Suppose the above investment was made two years before. The past two years actual cash inflow were Rs. 2,50,000 and Rs.1,50,000 respectively. On this basis, the cash inflows for the remaining three years are expected to be only Rs.1,20,000, Rs.90,000 and Rs.40,000 resp. However the investment has a present abandonment value of Rs. 2,40,000. Would you advise the management for abandoning the Investment?[20]

**Q2) a)** Distinguish between Management Accounting and Cost Accounting. [8]

- b) Briefly state the Accounting process. [7]

**Q3) a)** Journalise the following transactions in the Books of Mr.Patil:-

- i) Commenced business with cash Rs.10,000, furniture Rs.5,000, Car Rs.50,000, and Building Rs.1,00,000.
- ii) Purchased Horses worth Rs.1,00,000 and paid the amount by cheque.
- iii) Mr. Gare purchased goods of Rs.40,000 of which Rs.30,000 received by cross cheque.
- iv) Sold Goods worth Rs.40,000 at 5% trade discount and 2% cash discount. [8]

**b)** Prepare a Bank Reconciliation in the Book of Ramlal and sons as on 31<sup>st</sup> Dec 2013.

- i) Cheques deposited in the bank before 31<sup>st</sup> Dec. but not collected Rs.400.
- ii) Cheque issued upto 31<sup>st</sup> Dec. but not yet presented for payment Rs.150.
- iii) The bank has collected dividend of Rs.25 and has charged Rs.5 as collection charges. Entries of these transaction does not appear in the cash Book. Bank has paid electricity bills of Rs 18 for the month of November and the transaction appears in the pass book only.
- iv) The debit column of the bank account in the cash Book is added short by Rs.10.
- v) The pass Book shows a credit balance of Rs.1,000. Prepare Bank Reconciliation Statement? [7]

**Q4) a)** A company producing a single article sells it at Rs.10 each. The marginal cost of production is Rs.6 and fixed cost is Rs.400 pa. calculate :  
i) P/V ratio ii) Break even sales iii) The sales to earn profit of Rs.500  
iv) profit when sales are Rs.30,000. [8]

- b) Explain in brief the various methods of Inventory valuation. [7]

**Q5) Short Notes (Any 4):** [20]

- a) Subsidiary Books.
- b) Change in Method of Depreciation.
- c) Cost unit.
- d) Cost sheet.
- e) Angle of Incidence.
- f) Accounting conventions.

