

Seat No.	
-------------	--

M.B.A. (Part - I) (Semester – I) Examination, 2010
MANAGEMENT ACCOUNTING (Paper – II)

Day and Date: Tuesday, 16-12-2010
Time : 10.30a.m. to 1.30 p.m.

Total Marks : 70

Instructions : 1) *Q. No. 1 & 5 are Compulsory*
2) *Attempt any two questions from Q. No. 2 to 4.*
3) *Figures to the right indicate full marks for the respective Questions.*

1. A Manufacturer is planning to drop one item from his product line and replace it with another .

Present costs and output data are :

Item	Price Rs.	Variable Cost per item Rs	Percent of total sales volume
A	20	10	40%
B	25	15	35%
C	30	18	25%

Total fixed cost per year Rs. 1,50,000, Total sales for the previous year Rs. 5,00,000 the item proposed to be dropped is 'A'

As you are the manager of this unit, do you agree with the proposal of the owner to drop the item 'A' ? If you don't agree give an alternative suggestion to the owner of the unit.

OR

20

P.T.O.

- 1.a) From the following information, estimate the value of sales charging 10% profit on selling price :

Prime cost	2,68,000	
Indirect expenses	25,000	
Closing stock of finished goods	50,000	
Opening stock of finished goods	50,000	
Opening stock of finished goods	Nil	10

- b) Following information is given from the books of viraj Co. Ltd.

P/V Ratio 25%

Fixed Cost Rs. 30,000

Calculate :

- 1) Net Profit for the sales of Rs. 6,00,000
 - 2) Required sales to earn net profit of Rs. 1,40,000 **10**
- 2.a) Which decision makers use accounting information ? Explain in brief. **8**

- b) “ Many important events that influence the prospects for the entity are not recorded in the financial records .” Comment and give examples. **7**

- 3.a) From the following information, prepare a Balance – Sheet of Mr. X as at 31-3-2007

Particulars	Rs.
Plant and machinery	1,00,000
Prepaid expenses	1,000
Income received in advance	2,000
Bills payable	3,000
Sundry debtors	1,00,000
Bank overdrafts	10,000
Long term loan from banks	1,00,000
Capital	2,00,000

Land	10,000	
Drawings	10,000	
Cash in hand	5,000	
Furniture and fixtures	20,000	
Accrued Income	2,000	
Outstanding expenses	1,000	
Bills Receivable	2,000	
Sundry Creditors	99,000	
Investments in shares	10,000	
Closing stock	85,000	
Building	1,00,000	
Goodwill	10,000	
Net Profit	50,000	
Cash in Bank	10,000	7

b) Pass the journal entries for the following adjustments .

- 1) Outstanding salary Rs. 2,000
- 2) Prepaid Insurance Rs. 1,800
- 3) Accrued interest on investment Rs. 1,200
- 4) Charge depreciation of Rs. 3,200 on machinery of Rs. 32,000. 8

4) Prepare a store ledger account from the following transactions under the LIFO method.

- Jan. 1 Received 1000 units at Rs. 1.00 per unit.
- 10 Received 260 units at Re. 1.05 per unit.
- 20 Issued 700 units
- 24 Received 400 units at Rs. 1.15 per unit.
- 25 Received 300 units at Rs. 1.25 per unit.
- 26 Issued 620 units
- 28 Issued 240 units
- 29 Received 500 units at Re. 1.10 per unit.
- 30 Issued 380 units. 8

b) From the following data, prepare a statement showing total cost and profit for the month January 2010. **7**

Raw material used	- Rs. 40,000
Direct Wages	- Rs. 22,000
Man hours worked	- 9500 hours
Man hour rate	- Rs. 4 per hour
Office overheads	- 20% of works cost
Units produced and sold	- 20,000
Selling price	- Rs. 10 per unit

5. Write short notes on **(any four)** :

- a) Bank Reconciliation statement
- b) Subsidiary books
- c) Objectives of Management Accounting
- d) Margin of safety
- e) Written Down value method of depreciation
- f) Accounting conventions
