

**Subject : Management Accounting**

Day : Monday  
Date : 03/10/2016

**S.D.E.**



Time : 3.00 P.M. TO 6.00 P.M.  
Max Marks : 80 Total Pages : 2

**N. B. ;**

- 1) All questions are **COMPULSORY**.
- 2) Figures to the right indicate **FULL** marks.
- 3) Answers to both the sections should be written in the **SAME** answer book.

**SECTION - I**

**Q. 1** Define 'Management Accounting'. State its importance and functions. **(16)**

**OR**

Define 'Working Capital'. How would you estimate the need of working capital of new business concern? **(16)**

**Q. 2** What is Ratio Analysis? Explain its advantages and limitations. **(16)**

**OR**

The following is the Balance Sheet of Henley Cable Ltd. Hazaribag as on 31<sup>st</sup> March, 2013. **(16)**

**Balance Sheet as on 31<sup>st</sup> March, 2013**

<b>liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Share Capital	2,00,000	Land and Building	1,40,000
Profit and Loss A/C	30,000	Plant and Machinery	3,50,000
General Reserve	40,000	Stock-in-Trade	2,00,000
12 % Debentures	4,20,000	Debtors	1,00,000
Creditors	1,00,000	Bills Receivable	10,000
Bills Payable	50,000	Bank Balance	40,000
<b>Total</b>	<b>8,40,000</b>	<b>Total</b>	<b>8,40,000</b>

Calculate :

- i) Current Ratio
- ii) Quick Ratio
- iii) Inventory to Working Capital Ratio
- iv) Debt to Equity Ratio

**P. T. O.**

## SECTION - II

- Q. 3** What do you mean by Marginal Costing? Explain its main features and limitations. (16)

OR

The Sales and Profit during two years were: (16)

Year	Sales Rs.	Profit Rs.
2014	15,00,000	2,00,000
2015	17,00,000	2,50,000

Fixed Cost is Rs. 1,75,000/- p. a.

Your are required to calculate:

- Break-even-point
  - P / V Ratio
  - The profit made when Sales are Rs. 25,00,000/-
  - Sales required to earn Profit of Rs. 4,00,000/-
- Q. 4** What is Standard Costing? Explain its advantages and limitations. (16)

OR

Prepare a flexible budget for overheads on the basis of the following data. (16)  
Ascertain the overhead rates at 50 %, 60 % and 70 % capacity.

	At 60 % Capacity Rs.
<b>Variable Overheads:</b>	
Indirect Material	6,000
Indirect labour	18,000
<b>Semi-Variable Overhead:</b>	
Electricity (40 % fixed 60 % variable)	30,000
Repairs (80 % fixed 20 % variable)	3,000
<b>Fixed Overheads :</b>	
Depreciation	16,500
Insurance	4,500
Salaries	15,000
Total Overheads	93,000
Estimated direct labour hours	1,86,000

- Q. 5** Write short notes on **ANY FOUR** of the following: (16)
- Difference between Management Accounting and Financial Accounting
  - Uses of Fund Flow Statement
  - Limitations of Cash Flow Analysis
  - Objectives of Budgetary Control
  - Break-Even-Analysis
  - Importance of Capital Budgeting

\* \* \* \* \*