

P P SAVANI UNIVERSITY

Fifth Semester of B. Com. Examination
November 2021

SMBC3220 Management Accounting - I

23.11.2021, Tuesday

Time: 09:00 a.m. To 11:30 a.m.

Maximum Marks: 60

Instructions:

1. The question paper comprises of two sections.
2. Section I and II must be attempted in same answer sheet.
3. Make suitable assumptions and draw neat figures wherever required.
4. Use of simple calculator is allowed.

SECTION - I

- Q - 1 Answer the following Questions (Any Five) [05]
- (i) Explain the term semi variable cost.
 - (ii) Write formula of Breakeven sales.
 - (iii) What is meant by margin of safety?
 - (iv) What is financial accounting?
 - (v) What is Human Resource Accounting?
 - (vi) What do you mean by Ind AS?
 - (vii) Write any two characteristics of management accounting.
- Q - 2 Write brief notes on the key branches of accounting. [10]
- OR**
- Q - 2 Do you think management accounting is different from financial accounting? Discuss [10]
- Q - 3 Distinguish between management accounting and financial accounting. [10]
- OR**
- Q - 3 From the following information relating to Manu Ltd., you are required to find out [10]
- (i) PV ratio
 - (ii) Break-even point
 - (iii) Calculate the volume of sales to earn profit of Rs. 60,000/-
- | | |
|---------------------|--------------|
| Total Fixed Costs | Rs. 45,000 |
| Total Variable Cost | Rs. 75,000 |
| Total Sales | Rs. 1,50,000 |
- Q - 4 Attempt any one/two. [05]
- (i) Distinguish between variable and fixed costs.
 - (ii) Examine the concept of the profit volume ratio.

SECTION - II

- Q - 1 Answer the following Questions (Any Five) [05]
- (i) What is cash budget?
 - (ii) What is the importance of ratio analysis?
 - (iii) How does ratio analysis help in decision making?
 - (iv) Write any two factors are normally considered for the preparation of sales budget of a firm.
 - (v) What do you mean by Liquidity?
 - (vi) What is fixed and flexible budget?
 - (vii) What do you mean by Return on capital employed?

- Q - 2 (a) What are the salient characteristics of budgetary control? [05]
 Q - 2 (b) What are various profitability ratios? How are these worked out? [05]

OR

- Q - 2 (a) What are liquidity ratios? Discuss the importance of current and liquid ratio. [05]
 Q - 2 (b) Liquid Assets 65,000; Stock 20,000; Pre-paid expenses 5,000; Working capital 60,000. [05]
 Calculate current assets ratio and liquid assets ratio.

- Q - 3 The expenses for budgeted production of 10,000 units in a factory are furnished below: [10]

Particulars	Per unit
Material	70
Labour	25
Variable overheads	20
Fixed overheads (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) Calculate the cost per unit at both levels.

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

OR

- Q - 3 Following information is given by a company from its books of accounts as on March 31, 2019: [10]

Particulars	Rs.
Inventory	1,00,000
Total Current Assets	1,60,000
Shareholders' funds	4,00,000
13% Debentures	3,00,000
Current liabilities	1,00,000
Net Profit Before Tax	3,51,000
Cost of revenue from operations	5,00,000

Calculate:

1. Current Ratio
2. Liquid Ratio
3. Debt Equity Ratio
4. Interest coverage Ratio
5. Inventory Turnover Ratio

Q - 4 Attempt any one/two.

[05]

- (i) Write short note on Cash Budget.
- (ii) Prepare a production budget for three months ending March 31, 2020 for a factory manufacturing four different articles on the basis of the following information:

Type of Product	Estimated Stock on 01.01.2020, Units	Estimated sales during period, Units	Desired Closing Stock on 31.03.2020 Units
P	2000	10,000	5,000
Q	3000	15,000	4,000
R	4000	13,000	3,000
S	5000	12,000	2,000
