

P P SAVANI UNIVERSITY

Fifth Semester of B. Com. Examination
November, 2022

SMBC3220 Management Accounting - 1

21.11.2022, Monday

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]	CO	BTL
(i)	Define management accounting.		1	1
(ii)	What is variable cost?		2	1
(iii)	What do you mean by break even sale?		2	2
(iv)	What do you mean by Ind - AS?		1	2
(v)	Write any two characteristics of management accounting.		1	1
(vi)	What is margin of safety?		2	1
(vii)	What is Human Resource Accounting?		1	1
Q - 2	Do you think management accounting is different from financial accounting? Discuss.	[10]	1	2
OR				
Q - 2	Analyses the important of the following in relation to break-even analysis: i. Break-even point ii. Margin of safety iii. Profit volume ratio	[10]	2	4
Q - 3	Profit Volume ratio 50%, Profit on sale 25%, Cost of goods sold Rs.9, 00,000. Find a) PV ratio b) Break-even point c) Profit, When sale is Rs 15,00,000 d) Sale to earn profit Rs 3,00,000	[10]	2	5
OR				
Q - 3	From the following information relating to M Ltd., you are required to find out (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	[10]	2	5
Q - 4	Attempt any one. (i) Write brief notes on the key branches of accounting. (ii) Examine the concept of the profit volume ratio.	[05]	1 2	2 4

SECTION - II

- Q - 1** Answer the following Questions (Any Five) [05]
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|---------------------------------------------------------------------------------------------------|---|---|
| (i) What is flexible budget? | 3 | 1 |
| (ii) Write any two factors are normally considered for the preparation of sales budget of a firm. | 3 | 1 |
| (iii) What do you mean by Liquidity? | 4 | 2 |
| (iv) What is the importance of ratio analysis? | 4 | 1 |
| (v) What is sales budget? | 3 | 1 |
| (vi) Write formula of interest coverage ratio. | 4 | 1 |
| (vii) What is zero base budgeting? | 3 | 1 |
- Q - 2** The expenses for budgeted production of 10,000 units in a factory are furnished below: [10] 3 3

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 - 2** What are liquidity ratios? Discuss the importance of current and liquid ratio. [10] 4 2
- Q - 3** What is Budget? Discuss various types of Budget. [10] 3 2
- OR**
- Q - 3** The following is the summarized Balance sheet of JBB Ltd. as at 31/03/2022 [10] 4 3

Liabilities	Rs.	Assets	Rs.
Share Capital	100000	Land & Building	50000
Reserves	100000	Plant & Machinery	180000
9 % Debentures	100000	Stock	65000
Creditors	60000	Debtors	40000
Provision for Taxation	10000	Cash-Bank	35000
	370000		370000

Particular	Rs.
Sales	292000
Gross Profit	52000
Net Profit (before interest and tax)	30000

Opening Stock as on 01/04/2021 was valued Rs. 55000, Assume Income Tax rate 50 % Calculate – Gross Profit ratio, Net profit ratio, Current ratio, Liquid ratio, Stock Turnover Ratio, Debtor's Ratio, Creditor's Ratio

Q - 4 Attempt any one.

[05]

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|---------------------------------------------------------------------------------------------------------------------------------------------------|---|---|
| (i) Write short note on Cash Budget. | 3 | 2 |
| (ii) Liquid Assets 65,000; Stock 20,000; Pre-paid expenses 5,000; Working capital 60,000. Calculate current assets ratio and liquid assets ratio. | 4 | 3 |

CO : Course Outcome Number

BTL : Blooms Taxonomy Level

Level of Bloom's Revised Taxonomy in Assessment

1: Remember	2: Understand	3: Apply	→
4: Analyze	5: Evaluate	6: Create	→
