Name: Enrolment No:	

UPES

End Semester Examination, December 2023

Course: MANAGEMENT ACCOUNTING **Semester: 1**
Program: BCOM HONS **Time : 03 hrs.**
Course Code: FINC 1026 **Max. Marks: 100**

Instructions:

SECTION A
10Qx2M=20Marks

S. No.		Marks	CO
Q 1	What is the main objective of management accounting? (A)To identify and analyse the result of business operations. (B)To study business transactions (C)To check and maintain accounting records (D)To remind the amount due to customers	**2**	**CO1**
2	Which personnel of a financial firm play a key role in management accounting? (A) Mangers (B) Investors (C) Suppliers (D) Customers	**2**	**CO1**
3	At 50% capacity expenses are Rs 10,000, which increase by 10% between 60% and 80% level of activity and 20% thereafter. These are (A) Semi-Variable expenses (B) Variable expenses (C) Both a and b (D) None of the above	**2**	**CO1**
4	Management accounting deals with managing ………… (A) Decision Making (B) Raising finance (C) Tax returns	**2**	**CO1**

	(D) Final accounts preparation		
5	In a month, payment for salary was Rs. 11,500 when the lag in payment of salary is 1/8 month. If total salaries of current month are Rs 12,000, determine the salaries of previous month. (A) Rs 9,600 (B) Rs 8,500 (C) Rs 8,000 (D) Rs 9,500	**2**	**CO1**
6	The ________ of a business firm is measured by its ability to satisfy its short-term obligations as they become due. (A) Liquidity (B) Debt (C) Profitability (D) Activity	**2**	**CO1**
7	The cost of material at 50% capacity is Rs 8,000 and budget is to be prepared at 60%, 90% and 100% of normal capacity. The cost of material at 60% and 90% capacity will be (A) Rs 9600 and Rs 14,400 (B) Rs 14,400 and Rs 16,000 (C) Rs 9600 and Rs 16,000 (D) None of the above	**2**	**CO1**
8	If variable and fixed costs at 60% capacity are Rs 12,000 and Rs 9,000 respectively, total cost at 80% capacity will be (A) Rs 25,000 (B) Rs 28,000 (C) Rs 24,000 (D) None of the above	**2**	**CO1**
9	Cash Balance ₹5,000; Trade Payables ₹40,000; Inventory ₹50,000; Trade Receivables ₹65,000 and Prepaid Expenses are ₹10,000. Liquid Ratio will be (A) 1.75: 1 (B) 2: 1 (C) 3.25: 1 (D) 3: 1	**2**	**CO1**
10	A Company's Current Ratio is 3:1 and Liquid Ratio is 1.2 : 1. If its Current Liabilities are ₹2,00,000, what will be the value of Inventory?	**2**	**CO1**

	(A) ₹2,40,000 (B) ₹3,60,000 (C) ₹4,00,000 (D) ₹40,000		
	SECTION B **4Qx5M= 20 Marks**		
Q 11	What do mean by Ratio Analysis? Describe its limitation.	**5**	**CO2**
Q 12	Explain the important techniques of Management Accounting.	**5**	**CO2**
Q13	What do you understand by a flexible budget? Discuss its advantages.	**5**	**CO2**
Q14	What do you mean by analysis of Financial Statements? Explain its need and significance to various users.	**5**	**CO2**
	SECTION-C **3Qx10M=30 Marks**		
Q 15	Ganesh Ltd. sold all his output in 2006, 1,000 units at Rs.10 per unit. Its total fixed expenses amounted to Rs.3,000 and profit volume ratio was 40%. Company wants to increase its profit by 50% for 2007 in the following changed conditions: (1) Fixed expenses to be increased by Rs.1,000. (2) Variable expenses to be reduced by 25%. (3) Selling price per unit to be reduced to Rs.9.50. **Find the selling quantity (In Units) in 2007.**	**10**	**CO2**
Q16	A budget which depicts different budgeted costs for different levels of activity is termed as a flexible budget. The budget of this type takes into consideration the unexpected changes in the set of conditions of the activities. Considering the above statement solve the following numerical: The budgeted expenses for production of 10,000 units in a factory are:	**10**	**CO3**

Particulars	Per Unit
Materials	**70**
Labour	25
Variable Overheads	20
Fixed Overheads (Rs.1,00,000)	10
Direct Variable Expenses	5
Selling Expenses (10% Fixed)	13
Administrative Expenses (Rs.50,000)	5
Distribution Expenses (20% Fixed)	7
Total	**155**

Prepare a flexible budget for the production of 8,000 Units and 6,000 Units. Assume that administrative expenses are rigid (Fixed) for all levels of production.

Q17	TATA Co. Ltd. is to start production on 1st January 2011. The prime cost of a unit is expected to be Rs. 30 (Rs. 18 per materials and Rs. 12 for Wages). In addition, variable expenses per unit are expected to be Rs. 6 and fixed expenses per month Rs. 20,000. Materials are purchased for cash to avail for the cash discount of 5%. One-fourth of sales will be for cash and the rest on credit for settlement in the following month. Expenses are payable in the month in which they are incurred. The selling price is fixed at Rs. 60 per unit. The number of units to be produced and sold is expected to be: January 1000; February 1400; March 1700; April 2000; May 2,300 June 2400 Draw a Cash Budget indicating cash requirements from month to month.	**10**	**CO3**

SECTION-D
2Qx15M= 30 Marks

Q 18	A Factory is engaged in producing a product using two grades of materials A and B mixed in the ratio of 3:2. The standard price of material A is Rs.4 per unit and that of B Rs.3 per unit.	**15**	**CO4**

	Normal loss in production is expected at 10%. Due to shortage of materials of materials, it was not possible to use the standard mix. However, the normal loss is still expected to be 10% as formerly. The actual result was as follows: Material A 560 tons @ Rs.3.80 per ton Material B 240 tons @ Rs.3.60 per ton Actual Production 364 tons Calculate all Five types of Material Variances.		
Q 19	Some data of financial accounts of a company are as follows: Annual Sales: **2,40,000** % Of Gross Profit on Sale: **15%** Average Inventory: **34,000** Current Liabilities: **24,000** Current Ratio: **300%** Closing Inventory: **24,000** Receivables at the end: **32,000** From the above information, Calculate the following **RATIOS:** (A) Inventory Turnover (B) Receivables Turnover (C) Acid Test Ratio (D) Current Assets Turnover (E) Average Collection Period in months	**15**	**CO4**