Enrollment No: _____         Exam Seat No: _____

# C.U. SHAH UNIVERSITY
## Summer Examination-2019

**Subject Name: Management Accounting -II**

**Subject Code: 4CO06MAC1**                    **Branch: B.Com (English)**

**Semester: 6**         **Date:   16/04/2019**         **Time: 10:30 To 01:30**         **Marks: 70**

Instructions:
(1)  Use of Programmable calculator & any other electronic instrument is prohibited.
(2)  Instructions written on main answer book are strictly to be obeyed.
(3)  Draw neat diagrams and figures (if necessary) at right places.
(4)  Assume suitable data if needed.

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| Q-1 | | Attempt the following questions: | (14) |
|---|---|---|---|
| | **a)** | State the meaning of reporting | 1 |
| | **b)** | Name the users of accounting information | 1 |
| | **c)** | State any two middle level manager reports | 1 |
| | **d)** | What is the meaning of management by exception? | 1 |
| | **e)** | What is the name of accounting standard 3? | 1 |
| | **f)** | State two methods for cash flow statement | 1 |
| | **g)** | Name any two items in investing activity | 1 |
| | **h)** | If purchase of December is to be paid after two months, in which month the amount is payable ? | 1 |
| | **i)** | If machine is purchased for Rs.1,00,000 in January with a condition 30% on payment on delivery, how much amount will be payable in January? | 1 |
| | **j)** | If @ 60% 9000 units are produced how much units can be produced @ 90% ? | 1 |
| | **k)** | Name any three types of budget | 1 |
| | **l)** | State any one difference between fixed & variable expense | 1 |
| | **m)** | Give the formula of profitability index | 1 |
| | **n)** | What is the full name of IRR method of capital budgeting | 1 |

**Attempt any four questions from Q-2 to Q-8**

| Q-2 | | Attempt all questions | (14) |
|---|---|---|---|
| | **a** | Explain in brief general principles of reporting | 7 |
| | **b** | Discuss requisites of a good report | 7 |
| **Q-3** | | **Attempt all questions** | **(14)** |
| | | Explain in detail kinds of reports | 14 |
| **Q-4** | | **Attempt all questions** | **(14)** |
| | **a** | Below is the balance sheet of Mr. X | 7 |

| Particulars | 1-4-17 (Rs.) | 31-3-18 (Rs.) |
|---|---|---|
| **Assets** | | |
| Cash | 10000 | 7000 |

| | | |
|---|---|---|
| Debtors | 30000 | 50000 |
| Stock | 35000 | 25000 |
| Machinery | 80000 | 55000 |
| Land | 40000 | 50000 |
| building | 35000 | 60000 |
| Total | 230000 | 247000 |
| **Liabilities** | | |
| Creditors | 40000 | 44000 |
| Mrs. X Loan | 25000 | - |
| Loan from bank | 40000 | 50000 |
| Capital | 125000 | 153000 |
| Total | 230000 | 247000 |

During the year a machine costing Rs.10000(accumulated depreciation Rs.3000) was sold for Rs.5000. The balance of provision for depreciation against machinery as on 1st April ,17 was Rs.25000 and on 31st March ,18 Rs.40000.Net profit before tax for the year 2017-18 amounted to Rs. 49000.Rs.4000 tax was paid during the year.

You are required to prepare Cash flow statement

**b**     Discuss the utility of cash flow statement       **7**

**Q-5**     **Attempt all questions**       **(14)**

**a**     State limitations of budgetary control       **7**

**b**     Prepare Cash budget for the period April to June 2018.       **7**
1. Opening cash balance 200000.
2. Month wise Sales, Purchase, Wages & Other expenses are as under.

| Month | Sales | Purchase | Wages | Overheads |
|---|---|---|---|---|
| Feb. | 210000 | 130000 | 14000 | 9000 |
| March | 320000 | 220000 | 16000 | 8000 |
| April | 430000 | 270000 | 18000 | 10000 |
| May | 320000 | 310000 | 17000 | 12000 |
| June | 230000 | 200000 | 14000 | 10000 |
| July | 210000 | 160000 | 22000 | 14000 |

3. Among total sales 20% is cash sale. Out of credit sales 70% received in next month 20% in second next month & balance is not recoverable

**Q-6**     **Attempt all questions**       **(14)**

**a**     Discuss utility of flexible budgeting       **7**

**b**     X company is producing 10,000 units prepare flexible budget at 6,000 & 8,000 units from given current information.       **7**

| Particular | Total amount (RS.) |
|---|---|
| Direct Material | 10,000 |
| Direct Labour | 16,000 |
| Factory Overhead ( 30% Fixed) | 18,000 |
| Administrative Overhead (Fixed) | 10,000 |
| Selling & Distribution overhead (60% Variable) | 6,000 |

Find out profit or loss at each capacity if selling price per unit is Rs.12 at all level of capacity

| | | |
|---|---|---|
| **Q-7** | **Attempt all questions** | **(14)** |
| a | Discuss objectives of capital investment | **7** |
| b | Explain importance of capital budgeting | **7** |
| **Q-8** | **Attempt all questions** | **(14)** |
| | X company wants to purchase one machine for Rs.1, 00,000 life of the machine is 5 years thereafter no scrap will be realized. Rate of depreciation is 20% by straight line method. Below is the profit after depreciation and interest but before tax @ 50% for five years Respectively. 50,000,60,000,80,000,90,000,1,00, 000.calculate (1) Payback period (2) Rate of return on average investment (3) Net present value at 10% discounted rate.<br>Discounted factor @ 10% rate is as under<br>.909,.826,.751,.683,.620 | **14** |