

Enrollment No: \_\_\_\_\_

Exam Seat No: \_\_\_\_\_

# C. U. SHAH UNIVERSITY

## Summer Examination-2022

**Subject Name : Management Accounting - II**

**Subject Code : 4CO06MAC2**

**Branch: B.Com (English)**

**Semester: 6**

**Date: 02/05/2022**

**Time: 02:30 To 05:30**

**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.
- 

**Q 1 Attempt the following questions: (14)**

- a) Which of the following formula is used to work out Assets ratio the basis of assets? (1)
- (A) Reserve / Assets X 100 (B) Ownership Fund / Total Real Assets X100  
(C) Fixed Assets / Capital X 100 (D) Total Debts / Owner Fund X 100
- b) Which of the following is the general ideal measurement for current ratio? (1)
- (A) 4 : 1 (B) 3 : 2 (C) 2 : 1 (D) 1 : 1
- c) Profit before interest and tax Rs. 1 00 000, interest Rs. 20 000, and preference share dividend Rs. 30 000, rate of taxation 50%, how much would be the amount of taxation? (1)
- (A) Rs. 50 000 (B) Rs. 40 000 (C) Rs. 25 000 (D) Non of these
- d) Average stock is Rs. 3 20 000, if opening stock is Rs. 4 00 000, find out closing stock? (1)
- (A) Rs. 7 20 000 (B) Rs. 2 40 000 (C) Rs. 3 60 000 (D) Rs. 1 20 000
- e) Budget center means ..... (1)
- (A) Department of an organization.  
(B) Part of an organization.



- (C) Cost center of an organization.
- (D) Selection of an organization for the purpose of budgetary control.
- f) Master budget is a ..... (1)
- (A) Detailed budget.
- (B) Comprehensive budget.
- (C) Independent Departmental budget.
- (D) Financial budget.
- g) Administrative expenses for January and February are Rs. 9 000 and Rs. 12 000 respectively. Time left is 1/3 month calculate amount paid in February? (1)
- (A) Rs. 10 000 (B) Rs. 9 000 (C) Rs. 12 000 (D) Rs. 11 000
- h) Share HUL purchase: 5 000 face value Rs. 10 per share market price Rs. 200 per share purchase price per share Rs. 180. HUL declares dividend @ 300% per share and diamond Jubilee special dividend at 100% per share? What is final amount of dividend? (1)
- (A) Rs. 40 00 000 (B) Rs. 36 00 000 (C) Rs. 2 00 000 (D) Rs. 4 00 000
- i) Factory manager salary, which is Rs. 3 00 000 p. a. is considered as ..... (1)
- (A) Fixed expense (B) Semi variable expense
- (C) Semi fixed expense (D) Variable expense
- j) Office expense at 60% is Rs. 1 00 000 and at 80% is Rs. 1 16 000 show the amount of office expense at 50% level. (1)
- (A) Rs. 1 00 000 (B) Rs. 92 000 (C) Rs. 80 000 (D) Rs. 1 08 000
- k) If repair charges are Rs. 1 900 and Rs. 2 000 at 70% and 80% capacity respectively. What will be this expense at 90% level? (1)
- (A) Rs. 2 000 (B) Rs. 2 100 (C) Rs. 2 100 (D) Rs. 1 900
- l) In respect of cash flow statement, the Indian Accounting standard number...(1)
- (A) is 3 (B) is 30 (C) is 33 (D) is 23
- m) In respect of cash flow, repayment of long term is ..... (1)
- (A) Financial Activity (B) Investment Activity
- (C) Business Operations (D) None of Above
- n) A company has sold unused land for Rs. 1 10 000 during the year and purchase



new Plant for Rs. 1 20 000. So, net cash flow generated from investment activity

.... (1)

(A) + Rs. 3 30 000 (B) -Rs. 10 000 (C) +Rs. 10 000 (D) Zero

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

**Q-2 Attempt all questions (14)**

(a) Explain Essential of Budgetary Control. (7)

(b) Details of a company for production of 10,000 units at 100% level are as under : (7)

Particulars	Rs. Per Unit
Material	70-00
Labour	25-00
Overheads (variable)	20-00
Overheads (Fixed )	10-00
Direct variable exp.	5-00
Selling exp.(10% fixed )	13-00
Distribution exp. (20% fixed )	7-00
Adm. exp. (Rs. 50,000)	5-00

Prepare flexible budget for 8000 units and for 6000 units Adm. expenses Are fixed.

**Q-3 Attempt all questions (14)**

(a) Explain Objectives of Budgetary Control. (7)

(b) Prepare Cash budget for Paras Co. Ltd. for the three months of april to June 2018 and show when and how much bank Overdraft facility will be required during this period. (7)

Month	Sale(Rs.)	Purchase(Rs.)	Labour(Rs.)	Overhead(Rs.)
February	2,20,000	1,80,000	20,000	30,000
March	1,80,000	2,00,000	24,000	28,000



April	2,00,000	2,20,000	30,000	32,000
May	1,50,000	2,40,000	32,000	34,000
June	1,60,000	2,60,000	34,000	40,000

- (1) 20% of sale and 25% of purchase were on cash basis.
- (2) 40% amount of credit sale is received in next month of the sale while remaining Amount is received in second month of sale.
- (3) Creditors are paid after one month.
- (4) Time lag for payment of Labour and overhands is ½ month.
- (5) Advance Tax of Rs.54, 000 will be paid on 15-6-'18.
- (6) Cash balance as on 1-4-'18 will be Rs. 60,400.

**Q-4 Attempt all questions (14)**

- (a) Explain Advantages and Limitations of Ratio Analysis. (7)
- (b) Explain Ratio of Current Ratio and Owners/Proprietary Ratio. (7)

**Q.5** The following is the summarized balance sheet of **Ajay Ltd.** as on 31-3-2018:(14)

<b>Liabilities</b>	<b>Amt. Rs.</b>	<b>Assets</b>	<b>Amt. Rs.</b>
Equity share capital	3,00,000	Fixed assets	6,00,000
10% preference share capital	1,50,000	Stock	1,20,000
Reserve and surplus	1,15,000	Debtors	1,00,000
8% debentures	2,00,000	Bills receivable	30,000
Bank overdraft	30,000	Cash and bank balance	50,000
Creditors	1,10,000	Pre-paid expenses	20,000
Bills payable	20,000	Preliminary expenses	15,000
Outstanding expenses	10,000		
	<b>9,35,000</b>		<b>9,35,000</b>

**Additional information's:**

**Rs.**

- (1) Total sales (cash sales are 20% of credit sales ) 10,80,000
- (2) Cost of goods sold 5,40,000
- (3) Net profit (before interest and tax provision ) 3,00,000
- (4) Stock on 1-4-2017 1,00,000

From the above information , calculate the following ratios, while calculating



debtors' ratio, 360 days are to be taken for the year.

- (1) Current ratio
- (2) Debtors ratio
- (3) Return on capital Employed
- (4) Net profit ratio
- (5) Capital Gearing ratio
- (6) Debt-Equity ratio (on the basis of long term Debt.)
- (7) Liquid ratio

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

- (a) Give Difference – Fixed Budget and Flexible Budget. (7)
- (b) Explain in brief classification of ratios (7)

Q.7. Prepare a cash flow statement from the following information of the “Ruchit Ltd.”: (14)

**Balance sheets of Ruchit Ltd.**

Liabilities	31-3-'07	31-3-'06	Assets	31-3-'07	31-3-'06
Equity share of Rs. 10 each	9,50,000	2,00,000	Fixed assets	22,00,000	10,00,000
Red. Pref. shares Rs.10 each of Rs.8 paid	-	2,00,000	10% investments	--	2,00,000
Capital reserve	-	2,00,000	Stock	4,00,000	5,40,000
General reserve	6,00,000	6,00,000	Debtors	6,00,000	4,60,000
Capital red. Res.	1,00,000	--	Bank balance	20,00,000	--
15% Debentures	6,00,000	2,00,000	p.and l. a/c	40,000	4,00,000
Creditors	8,00,000	2,00,000	Debenture		
Bills payable	6,00,000	2,00,000	Discount	10,000	--
Provision for taxation	10,00,000	4,00,000			
Provision for depreciation	6,00,000	2,00,000			
Bank overdraft	--	2,00,000			



	52,50,000	26,00,000		52,50,000	26,00,000
--	-----------	-----------	--	-----------	-----------

**Further information:**

- (1) Stock was valued at 10% less than its original cost in previous year. Now It is decided to value at cost price. Stock on 2006-07 is shown at the cost Price.
- (2) In the beginning of current year, the company has redeemed preference Shares at the premium of 8%, after observing necessary legal provisions. For this purpose , the company has transferred required amount to capital Red. Reserve A/C from general reserve A/C.
- (3) The company has sold off all fixed assets for Rs. 12,00,000 in the beginning Of the year and has credited profit to capital reserve account.
- (4) The company has given fully paid up bonus shares to its equity shareholders From capital reserve account.
- (5) The company has sold off its investments for Rs. 2,50,000.
- (6) During the year 2006-07 the company has paid Rs. 1,00,000 on account of Interim dividend and Rs. 2,00,000 for tax.

**Q-8 Attempt all questions**

**(14)**

- (a) Explain the importance and limitations of Cash Flow Statement. (7)
- (b) Explain Types of Budget. (7)

