



DG-2751

Third Year B. Com. (Hons.) (Sem. V) Examination
March/April - 2016
Management Accounting : Paper - VI

Time : Hours]

[Total Marks : 50

Instructions :

(1)

नीचे दशांशवले निशानीवाणी विगतो उत्तरवही पर अवश्य लिखनी. Fillup strictly the details of signs on your answer book.	Seat No. :
Name of the Examination :	<input type="text"/>
<input type="text" value="THIRD YEAR B. COM. (HONS.) (SEM. 5)"/>	<input type="text"/>
Name of the Subject :	<input type="text"/>
<input type="text" value="MANAGEMENT ACCOUNTING - 6"/>	<input type="text"/>
Subject Code No. : <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="5"/> <input type="text" value="1"/>	<input type="text" value="Student's Signature"/>
Section No. (1, 2,.....) : <input type="text" value="Nil"/>	

- (2) Show all necessary working.
(3) All questions are compulsory.

- 1 (a) Explain the term 'Management Accounting'. 2
- (b) From the following information calculate 4
- (i) Return on Shareholder's funds
- (ii) Earnings per share
- | | |
|---|-----------|
| Equity Share Capital (Rs. 100/- each) | 25,00,000 |
| 10% Preference Capital | 10,00,000 |
| Capital Reserve | 1,00,000 |
| General Reserve | 6,00,000 |
| P&L Account | 3,00,000 |
| Net profit after tax | 8,10,000 |
- (c) P/V Ratio = 50% 4
- Margin of Safety = 40%
- Total sales = Rs. 50,00,000
- Find Break Even Point and Profit

2 (a) Following is the summarized Balance Sheet of
Monarch Ltd. as on 31st March 2015.

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Liabilities	Amount	Assets	Amount
Equity shares of Rs. 10/- each	10,00,000	Land and Building	12,60,000
10% preference shares of Rs. 100/- each	4,00,000	Plant and Machinery	7,00,000
Reserves and Surplus	7,00,000	Furniture	1,00,000
10% Debentures	5,00,000	Closing stock	4,00,000
Sundry Creditors	2,80,000	Sundry Debtors	5,20,000
Bank Overdraft	1,60,000	Cash Balance	60,000
	30,40,000		30,40,000

Summarized Profit and Loss Account for the year
ending 31st March 2015. **Rs.**

Gross Profit	24,00,000
Net profit before interest and tax	9,00,000
Less : 10% Debenture interest	50,000
Net profit before tax	8,50,000
Less : Tax @ 50%	4,25,000
Net profit after tax	4,25,000

Additional Information :

- (1) Credit sales are 75% of total sales
- (2) Gross profit is 30% of total Sales
- (3) Credit purchases = Rs. 55,00,000
- (4) Opening stock = 3,00,000

From the above information compute :

- (1) Gross profit ratio
- (2) Net profit ratio
- (3) Current ratio
- (4) Liquid ratio
- (5) Stock turnover ratio
- (6) Debtors ratio (360 days)
- (7) Creditors ratio
- (8) Return on Equity Share Capital

(b) From the following data, find out : 5

- (i) Sales
- (ii) New break even analysis, if selling price is reduced by 10%
Fixed Cost Rs. 4,000
Break even Sales Rs. 20,000
Profit Rs. 1,000
S.P. Rs. 20 per unit

3 (a) Arizon Ltd. manufactures component 'AZ' and has an installed capacity of 15,000 units. It is presently manufacturing 13,500 units per annum. The following figures are obtained from the cost records of the company. 9

	Amount
Material cost	4,10,000
Labour Cost	4,00,000
Variable Overheads	2,83,500
Fixed Overheads	3,00,500
	13,94,000

The selling price of component 'AZ' is Rs. 115/- per unit in the local market. The company has received an offer from a foreign buyer to purchase 1500 units of component 'AZ' at a price of Rs. 95/- per unit.

You are required to advise the company whether or not to accept the foreign offer. What will be the profitability of the company at its full capacity with acceptance of the foreign offer ?

- (b) Write a note on : 'Role of Management Accounting in Decision Making' 4
- 4 Write short notes : (all) 14
- (1) Functions of Management Accounting
 - (2) Liquidity Ratios
 - (3) Make or Buy Decision.