22|5|2014

DOON UNIVERSITY, DEHRADUN

Semester Final Examination, Second Semester, 2014

School of Management

MBA 5 yrs.

Course: IMBA-202- : Management Accounting

Time Allowed: 3 Hours *Maximum Marks: 50*

(Note: Sections A and B are compulsory and attempt any 3questions from Section C.)

Section A (Marks 16x1)

Q1 A) From the following details, prepare an estimate of the requirements of working capital:

Production	60,000 Units.
Selling price per unit	Rs.5.
Raw Material	60% of selling price.
Direct Wages	10% of selling price.
Overheads	20% of selling price.
Materials in hand	2 months requirement.
Production time	1 month.
Finished goods in stores	3 months.
Credit for material	2 months.
Credit allowed to customers	3 months.
Average cash balance	Rs. 20,000.

Wages and overheads are paid at the beginning of the month following. In Production all the required materials are charged in the initial stage and wages and overheads accrue evenly.

Q1 B) State the importance of working capital.

SECTION : B (Short Answer Type Questions) (Marks: 2x5)

1) Margin of Safety.
2) Find out Debtors turnovers for the following:

Net credit sales	Rs. 26,809.
Total debtors	Rs. 5,644.

3) Differentiate between gross working capital and net working capital.
4) Cost accounting .
5) Explain any 2 function of management accounting.

SECTION : C (Long Answer Type Questions. Attempt any Three Questions). ***(Marks: 8 x 3)***

Q1) The Balance Sheet of A Limited as at 31 Dec 2013 was as under-

Capital and Liabilities	Rs	Assets	Rs.
Share capital	2,00,000	Goodwill	1,20,000.
Surplus	58,000	Plant and Machinery	1,50,000.
Debentures	1,00,000	Stock	80,000.
Creditors	40,000	Debtors	45,000.
Bills Payble	20,000	Cash	17,000.
Other current liabilities	2,000	Other current assets	8,000.
	4, 20,000.		4,20,000.

Sales for the year Rs. 4,00,000.

Cost of sales Rs. 2,40,000.

You are required to calculate the following ratios:

i. Current Ratio.
ii. Quick Ratio.
iii. Inventory Turnover Ratio (Assume closing stock to be average stock)
iv. Average Collection period.
v. Porprietors Liabilities Ratio.

Q2) A Company producing a single article sales it at Rs.10 each. The marginal cost of production is Rs. 6 each and fixed cost is Rs. 400/anum. Calculate:

a) P.V. Ratio.
b) The Break Even Sales.
c) The Sales to earn a profit of Rs. 500.
d) Profit at sales of Rs.3000.

Q3) What do you understand by Budgeting? What are its objectives and limitations?

Q4) Discuss the nature and scope of Management Accounting?