

(i) Printed Pages : 7]

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(ii) Questions : 9]

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**Bachelor of Commerce 5th Semester
Examination**

1127

MANAGEMENT ACCOUNTING

Paper : BCM-502

Time : 3 Hours]

[Max. Marks : 80

Note :- Attempt any *four* short questions from Unit-I. Each question carries **5** marks. Attempt any *two* long answer type questions from Unit-II and Unit-III. Each question carries **15** marks.

Unit-I

4×5=20

1. Write any *four* short notes from the following :

- (i) Limitations of Management Accounting
- (ii) Depreciation as a resource of fund

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(1)

Turn Over

(iii) Proposed Dividend

(iv) Significance of fund flow statement

(v) Difference between Management Accounting and
Financial Accounting

(vi) Human Resource Accounting

Unit-II

2×15=30

2. Management Accounting aims at providing financial results of business to management for decision making. Explain by bringing advantages of management accounting.
3. How far financial statements are helpful to the parties interested to know the position of the enterprise ?
4. Explain different methods used for the analysis and interpretation of financial statements.

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(2)

5. From the following information, make out a statement of Proprietor's Funds with as many details as possible :

(i) Current Ratio 2.5

(ii) Liquid Ratio 1.5

(iii) Proprietary Ratio (Fixed Assets / Proprietor's Funds) 0.75

Rs.

(iv) Working capital 60,000

(v) Reserves and surplus 40,000

(vi) Bank overdraft 10,000

(vii) There is no long-term loan or fictitious assets.

Unit-III

2×15=30

6. Define Responsibility Accounting. Discuss various steps in Responsibility Accounting.

7. What do you mean by Price Level Accounting ?

Explain various methods of Price Level Accounting.

8. The condensed Balance Sheets of Hindustan Book Ltd., are given below :

| Liabilities | 2007 (Rs.) | 2006 (Rs.) | Assets | 2007 (Rs.) | 2006 (Rs.) |
|-----------------------------|---------------|---------------|-----------------------|---------------|---------------|
| Share Capital | 40,000 | 36,000 | Fixed Assets | 52,000 | 48,000 |
| General Reserves | 6,000 | 11,000 | Depreciation | 14,000 | 10,800 |
| Profit and Loss A/c | 3,345 | 2,045 | Investment at cost | 5,000 | 10,000 |
| Sundry Creditors | 19,535 | 13,365 | Stocks | 9,050 | 5,560 |
| Proposed Dividend (N.C.) | 1,500 | 2,880 | Cash and Bank | 4,750 | 4,980 |
| Provision for taxation | 3,200 | 5,000 | Sundry Debtors | 16,780 | 11,830 |
| | | | Preliminary Exp. | — | 720 |
| Total | 73,580 | 70,290 | Total | 73,580 | 70,290 |

- (i) The Net Profit of the year, after provision for taxation Rs. 3,200, writing off preliminary expenses Rs. 720 and providing for depreciation Rs. 3,965, amounted to Rs. 3,800.
- (ii) A machine purchased for Rs. 900 on 1st Jan., 1999 was sold for cash Rs. 300 on 1st July, 2007. Depreciation is provided on this machinery at 10% per annum on cost.
- (iii) A portion of company's investment has become worthless and was written off to General Reserves. The cost of such investment was Rs. 5,000.
- (iv) During the year company paid an interim dividend of Rs. 1,000 and Directors have recommended a final dividend of Rs. 1,500 for the year 2007.

Prepare statement of Sources and Applications of Funds of the year ended 31st December, 2007 and a schedule of changes in working capital.

9. Following are the summarized Balance Sheets of A Ltd., as on 31st December 2006 and 2007 :

| Assets | 2006 (Rs.) | 2007 (Rs.) | Liabilities | 2006 (Rs.) | 2007 (Rs.) |
|--------------|------------------|------------------|---------------|------------------|------------------|
| Fixed assets | 4,00,000 | 3,20,000 | Share capital | 4,50,000 | 4,50,000 |
| Investments | 50,000 | 60,000 | General | 3,00,000 | 3,10,000 |
| Stock | 2,40,000 | 2,10,000 | Reserve | | |
| Debtors | 2,10,000 | 4,55,000 | P & L A/c | 56,000 | 68,000 |
| Bank | 1,49,000 | 1,97,000 | Creditors | 1,68,000 | 1,34,000 |
| | | | Provision for | 75,000 | 10,000 |
| | | | Taxation | | |
| | | | Bills payable | — | 2,70,000 |
| Total | 10,49,000 | 12,42,000 | Total | 10,49,000 | 12,42,000 |

Additional Information :

- (i) Investment costing Rs. 8,000 were sold during the year 2007 for Rs. 8,500
- (ii) Provision for taxation made during the year 2007 was Rs. 9,000
- (iii) During the year 2007, part of fixed assets having book value of Rs. 10,000 were sold for Rs. 12,000
- (iv) Dividend paid during the year 2007 amounted to Rs. 40,000