Exam. Code: 844
Sub. Code: 6304

1125

P.G. Diploma in Marketing Management 1st Semester

DMM-104: Managerial Accounting

Max. Marks: 70

Time Allowed: 3 hours

*Note: Attempt **five** questions in all, selecting at least one question from each Unit I -IV. All questions carry equal marks.*

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Unit-I

I. Write a descriptive note on management accounting.

II. Discuss how management accounting facilitate decision making process.

Unit-II

III. From the following data, prepare balance sheet of M/s L & B (Pvt.) Ltd.

Current ratio, 2
Working capital, Rs. 4,00,000
Capital block at current asset, 3:2
Fixed asset to turnover, 1:3
Sales cash/credit, 1:2
Debentures/share capital, 1:2
Stock velocity, 2 months
Creditors velocity, 2 months
Debtors velocity, 2 months
Gross profit ratio, 25 percent (to sales)
Capital block:
Net profit, 10 percent of turnover
Reserve, 2.5 percent of turnover

IV. Write notes on the following:
a) R.O.I.
b) Turnover Ratios

V. Give the format of Cash Flow statement as prescribed by Indian Accounting Standard 3.

Unit-III

VI. Write a detailed note on Break Even Point highlighting its assumptions.

VII. Hansa Ltd manufacturing a single product is facing severe competition in selling it at Rs 50 per unit. The company is operating at 60 per cent level of activity at which level sales are Rs 12,00,000; variable costs are Rs 30 per unit; semi-variable costs may be considerd fixed at Rs 90,000 when output is nil and the variable element is Rs 250 for each additional 1 per cent level of activity; fixed costs are Rs 1,50,000 at the present level of activity, but if a level of activity of 80 per cent or above is reached, these costs are expected to increase by Rs 50,000.

To cope with the competition, the management of the company is considering a proposal to reduce the selling price by 5 per cent. You are required to prepare a statement showing the operating profit at levels of activity of 60 per cent, 70 per cent and 82 per cent, assuming that:

1. The selling price remains at Rs 50; and
2. The selling price is reduced by 5 per cent.

Show also the number of units, which will be required to be sold to maintain the present profits if the company decides to reduce the selling price of the product 5 by per cent.

P.T.O.

Unit-IV

VIII. Explain:
a) Control Ratios
b) Labour Variances

IX. Write notes on:
a) Zero based budgeting
b) Responsibility Accounting.

X. The following data relate to the working of a factory for the current year:

Capacity worked, 50 per cent		
Fixed costs:		
Salaries	Rs 84,000	
Rent and rates	56,000	
Depreciation	70,000	
Other administrative expenses	80,000	Rs 2,90,000
Variable costs:		
Materials	2,40,000	
Labour	2,56,000	
Other expenses	38,000	5,34,000

Possible sales at various levels of working are:

Capacity (per cent)	Sales
60	Rs 9,50,000
75	11,50,000
90	13,75,000
100	15,25,000

Prepare a flexible budget and show the forecast of profit at 60, 75, 90, and 100 per cent capacity operations.