INDIAN MARITIME UNIVERSITY
(A Central University, Govt.of India)

May/June 2015 End Semester Examinations

SEMESTER – II, M.B.A (PORT AND SHIPPING MANAGEMENT)

MANAGEMENT ACCOUNTING (T 1202)

Date:06.06.2015 **Max.Marks:60**
Time:-3 Hrs **Pass Marks:30**

SECTION – A (12x1=12 Marks)

Answer ALL the questions. All question carry equal Marks

1. The Budget that is prepared first of all is
   a) Cash budget
   b) Master budget
   c) Budget for the key factor
   d) General budget

2. An organized creative approach which emphasizes efficient identification of unnecessary cost is known as
   a) Value analysis
   b) Quality costing
   c) Zero-based budgeting
   d) Activity based costing

3. Debt Equity Ratio is a
   a) Liquidity Ratio.
   b) Solvency Ratio
   c) Profitability Ratio
   d) Current Ratio

4. When Current Ratio is 2.5 and working capital is Rs.1 20 000, the current liabilities will be:
   a) Rs.2 40 000
   b) Rs.1 60 000
   c) Rs.1 20 000
   d) Rs.80 000

5. Revenue from sale of products ordinarily is reported as part of the earning in the period
   a) The sale is made
   b) The cash is collected
   c) The products are manufactured
   d) The planning takes place

6. The comparison of the trend of each item in the financial statements over a number of years or of companies is referred to as:
   a) Vertical Analysis
   b) Horizontal Analysis
   c) Funds flow Analysis
   d) Cash flow Analysis

7. Ratio of ‘Net Sales’ to ‘Net working Capital’ is a
   a) Working capital turnover Ratio
   b) Profitability Ratio
   c) Liquidity Ratio
   d) Current Ratio

8. Period Cost means
   a) Variable cost
   b) Fixed Cost
   c) Prime Cost
   d) Production cost

9. Material Yield Variance
   a) Standard Cost per unit x (Standard Output for Actual Mix-Actual output)
   b) Standard Output for Actual Mix x (Standard Output for Actual Mix-Actual output)
   c) Actual Output for Standard Mix x (Standard Output for Actual Mix-Actual output)
   d) Standard Cost per unit x (Standard Output for Standard Mix-Actual output)

10. Find BEP. Fixed OH Rs 2, 00,000, Variable cost per unit Rs 30, Selling Price per unit Rs 50
    a) 11,000 UNITS
    b) 10,000 UNITS
    c) 1,000 UNITS
    d) 2,500 UNITS

11. The cash inflows on account of operations are presumed to have been reinvested at the cut-off rate in case of
    a) Pay back method
    b) Accounting rate of return method
    c) Discount cash flow method
    d) Present value index method

12. The three most useful general-purpose financial statements for management are:
    a) Income Statement, Balance Sheet and Statement of Retained Earnings
    b) Income Statement, Balance Sheet and Statement of Changes in Financial Position
    c) Balance Sheet, Statement of Retained Earnings and Statement of Funds Flow
    d) Balance Sheet, Statement of Retained Earnings and Statement of Cash Flow

SECTION – B **(5x4=20 Marks)**

Answer ANY five of the following questions. Each answer should not exceed 200 words.

13. What is Social responsibility accounting? Explain its objectives.

14. What is Comparative Financial Statement? Explain

15. Explain the significance of Flexible Budgeting.

16. The standard estimate for materials to manufacture 1,000 units of a commodity is 400 kgs., at Rs. 2.50 per Kg. when 2,000 units of the commodity are manufactured, it is found that 820 kgs. of materials are consumed at Rs. 2.60 per kg. Calculate (a) the Material Cost Variance, (b) the Material Price Variance and (c) the Material Usage Variance.

17. The sales turnover and profit during two periods were as follows :

Period 1	Sales	Rs.60,000	Profit	Rs.6,000
Period 2	Sales	Rs.90,000	Profit	Rs. 12,000

Calculate:

a. P/V Ratio

b. Fixed cost

c.Sales required to earn a profit of Rs. 50,000,

d.Profit when sales are Rs. 1 lakhs.

18. Prepare a production Budget for three months ended March 31, 2014 for a factory producing four products, on the basis of the following information;

(in Units)

Product	Opening Stock	Estimated Sales	Closing Stock
A	32,000	1,00,000	43,000
B	43,000	1,25,000	65,000
C	54,000	1,43,000	43,000
D	43,000	1,22,000	32,000

19. Priya & Co is considering 2 mutually exclusive projects. Both require an initial cash outlay of Rs. 10,000 each and have a life of 5 years. The company's required rate of return is 10% and pays tax at a 50% rate. The projects will be depreciated on a straight line basis . the net cash flows before taxes expected to be generated by the projects are as follows:

(Amount in Rs.)

Project/ year	1	2	3	4	5
Project A	4,000	4,000	4,000	4,000	4,000
Project B	6,000	3,000	2,000	5,000	5,000

Calculate Net present value of each project.

SECTION – C (4x7=28 Marks)

Question No. 20 is compulsory. Answer ANY THREE of the remaining questions

Each answer should not exceed 500 words.

20. From the following information, prepare cash budget for the months of January to April.

Months	Expected Sales Rs.	Expected purchases Rs.
January	60,000	48,000
February	40,000	80,000
March	45,000	81,000
April	40,000	90,000

i. Wages to be paid to workers Rs. 5,000 each month

ii. Balance at bank on 1st January Rs. 8,000.

iii. In the case of deficit of fund with the limit of Rs. 10,000, arrangement can be made with the bank

iv. In the case of deficit of fund exceeding of Rs. 10, 000, but within the limit of Rs. 42,000, issue of debentures is to be preferred.

v. In the case of deficit of fund exceeding of Rs. 42, 000, issue of shares is preferred.

21. What is Management Accounting? Explain its nature and scope.

22. What is Discounted Cash Flow Technique? Why is it significant for a firm?

23. Write an essay on Zero-Based Budget and highlight its procedure, norms and superiority over functional budgeting.

24. Using the following data, complete the balance sheet below :

Gross Profit ratio	: 20%
Current Ratio	: 1.8:1
Stock turnover ratio	: 4 times
Debt collection period	: 20 days (360 days in a year)
Long term debt to equity	: 40%

Total assets turnover	: 0.3 times
Credit sales to total sales	:80%
Gross Profit	: Rs. 1,08,000
Shareholders' equity	: Rs. 12,00,000

Balance Sheet

Liabilities	Rs.	Assets	Rs.
Shareholders' Equity	____	Fixed Assets	____
Long Term Debt	____	Stock	____
Creditors	____	Debtors	____
		Cash	_____

25. The following details relating to the product X during the month 2008 are available. You are required to compute the material cost variance, price variance , Usage variance and Labour cost variance, rate variance , Efficiency variance and also to reconcile the standard and actual cost with the help of such variances:

Standard Cost per Unit:

Material 50kg	@Rs. 40 per kg.
Labour 400 hours	@ Re. 1 per hour

Actual cost for the month

Material 4,900 kgs	@ Rs. 42 kg
Labour 39,600 hours	@ Rs. 1.10 per hour

Actual production – 100 units.

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