2604M250

Candidate's Seat No :________

IMBA Semester-4 Examination
IIS_IMBA-45
Management Accounting-I
April-2024

Time : 2-30 Hours] **[Max. Marks : 70**

Instruction:

1. The figures on right hand side indicates marks
2. Use of calculators is Allowed

Q.1 A Ltd provides the following information relating to its production: **(14 Marks)**

Year	Total sales Rs.	Profit Rs.
2022	600000	60000
2023	720000	84000

Calculate:

1. Profit Volume Ratio
2. Fixed Expenses
3. Profit when sales are Rs. 540000
4. Sales when losses are Rs.12000
5. Sales to earn profit of Rs. 120000
6. Break-even point

OR

Q.1(A). Given the following information: **(07 Marks)**

Units costs 750000
Fixed cost Rs.1125000
Variable cost per unit Rs.3
Selling price per unit Rs.7.50

You are required to determine:

1. The Break even point
2. Profit volume ratio
3. Margin of safety

Q.1(B). Margin of safety 37.5% **(07 Marks)**
Profit –volume ratio 40%
Fixed cost Rs.500000
Find out : 1. Current sales 2. Current profit 3. Break even point

Q.2. The following is the standard Mix of production of Product A **(14 Marks)**

Materials	Kgs.	Price per Kg. Rs.
X	20	17
Y	12	18
Z	8	13

(P.T.O)

M250-2

Actual production is 600 Kgs. The actual consumption and cost of material used is as under:

Materials	Kgs.	Total Price Rs.
X	320	6400
Y	120	1800
Z	200	1800

Calculate the following variances :

1. Material cost variance
2. Material price variance
3. Material volume variance
4. Material mix variance.

OR

Q.2. data relating to workers employed in a factory for production of one unit of a product is as follows: **(14 Marks)**

Types	Hours	Wage rate	Total Amount
Skilled	15	4	60
Unskilled	24	2	48
Semi-skilled	12	3	36
			144

Actual performance : actual production 100 units.

Types	Hours	Wage rate	Total amount
Skilled	1400	5.00	7000
Unskilled	3000	1.80	5400
Semi-skilled	1260	3.00	3780
	5660		16180

Calculate following variance:

1. Labour cost variance
2. Labour rate variance
3. Labour efficiency variance
4. Labour mix variance

Q.3. calculate following ratio from the below balance sheet: **(14 Marks)**

1. current ratio
2. liquidity ratio
3. proprietary ratio
4. Capital gearing ratio
5. Debt equity ratio

Liabilities	**Rs.**	**Assets**	**Rs.**
Equity share capital	500000	Land building	100000
Preference share capital	200000	Machinery	400000
General reserve	100000	Furniture	50000
Secured loan	300000	Inventory	300000
Sundry creditors	100000	Sundry Debtors	300000

M 250-3

		Cash balance	50000
	1200000		**1200000**

OR

Q.3. **Balance Sheet** **(14 Marks)**

liabilities	**Rs.**	**Assets**	**Rs.**
Equity share capital	250000	Fixed Assets	480000
10% Preference share capital	100000	Stock	112500
		Debtors	87500
Reserves	112500	Bills receivable	25000
12% Debentures	150000	Cash and bank	45000
Creditors	95000	Preliminary Exps.	12500
Bank-overdraft	25000		
Bills payable	30000		
	762500		**762500**

Additional Information :

1. Total sales (cash sales are 20% of credit sales) Rs.900000
2. Gross profit Rs.360000
3. Net profit (Before interest and 50% tax) Rs.243000
4. Stock on 1-4-2012 Rs.103500

From the above information, calculate the following Ratio for the year ended on 31-3-2013 and comment in brief:

Calculate the following ratios;
1. Current ratio
2. Debtors ratio [360 days]
3. Net profit ratio
4. Capital gearing ratio
5. Return on shareholders funds
6. Stock turnover ratio.

Q.4.from the following information about sales, calculate: **(14 Marks)**

1. Total sales variance
2. Sales price variance
3. Sales volume variance
4. Sales mix variance

Product	Units	Standard rate per unit	Total Rs.	Units	Actual rate per unit	Total Rs.
A	5000	5	25000	6000	6	36000
B	4000	6	24000	5000	5	25000
C	3000	7	21000	4000	8	32000
	12000		70000	15000		93000

(P.T.O)

M 250-4

OR

Q.4. The budget officer of M/s Weston Co.td. has prepared budget for the incoming year and the following is available from it. **(14 Marks)**

Sales (100000 Units)	100000 Rs.
Variable expenses	40000 Rs.
Fixed Expenses	50000 Rs.

From the above mentioned information find out (i) profit volume ratio ,(ii) Break-even point and (iii) Margin of safety and how these three will be affected in the following circumstances

1. Increase of 20% in Number of Units Sold
2. Increase of 5% in variable Cost
3. Increase of 10% in fixed Cost
4. Increase of 10% in selling price and decrease in sale of units by 20%.

Q.5. choose the following(MCQs) attempt any 14 out of 16 **(14 Marks)**

1 Variable cost is also referred to as _______ in the marginal costing technique

A Total cost
B Product cost
C Period cost
D None of the above

2 The profit at which total revenue is equal to the total cost is known as _____.

A Margin of safety
B Break even point
C Both A and B are incorrect
D Both A and B are correct

3 The cost that does not fluctuate based on the volume of the production is known as ____

A Variable cost
B Fixed cost
C Semi- variable cost
D None of the above

4 If Profit Volume ratio is 40% of sales then what about the remaining 60% of sales.

A Profit
B Fixed cost
C Variable cost
D Margin of safety

5 Which cost is more useful for decision making?

A Marginal cost
B Fixed cost
C Total cost
D Opportunity cost

6 The deviations between actual and standard cost is known as:

A Multiple analysis
B Variable cost analysis
C Variance analysis
D Linear trend analysis

7 Which of the following formula is true, to find out the profit?

A Profit = sales – variable cost
B Profit = contribution – fixed cost
C Profit = sales – fixed cost
D None of the above

8 Which of the following is not included to compute current ratio ?

A Debtor
B Stock
C Bills receivable
D Furniture

9 Which of the following is a Liquidity ratio?

A Liquid ratio
B Operating ratio
C Proprietary ratio
D Interest coverage ratio

10 Working capital = ___

A Sales – current assets
B Current liabilities – current Assets
C Current assets – current liabilities
D Total assets – Total liabilities

11 If opening stock Rs.250000, Closing stock Rs.150000, sales Rs.2000000 and gross profit ratio is 20%, then find out the purchase.

A Rs.600000
B Rs.1200000
C Rs.1500000
D Rs.1800000

12 In which terms ratios are presented ?

A Proportion
B Percentage
C Time
D All of the above

13 The ideal current ratio is:

A 1:2
B 2:1
C 1:1
D 40%

14 Which of the following is not operating expenses?

A Office expenses
B Selling expenses
C Bad debts
D Loss by fire

15 Activity ratio is calculated to check:

A Profitability of the business
B Efficiency of the business
C Solvency of the business
D None of the above

16 Low turnover of stock ratio indicates :

A Strong solvency position
B Weak sales and over investment in stock
C Low profit
D Monopoly in business