

**GUJARAT NATIONAL LAW UNIVERSITY  
GANDHINAGAR**

Course: Cost & Managerial Accounting  
Semester-II (Batch: 2016-18)

End Semester Examination: April-2017

Date: 15<sup>th</sup> April, 2017

Duration: 3 hours

Max. Marks: 60

**Instructions:**

- The respective marks for each question are indicated in-line.
- Do not write anything on the question paper.
- Indicate correct question numbers in front of the answers.
- No questions or clarifications can be sought during the exam period, answer as it is, giving reason, if any.
- Use of Calculator other than calculator in mobile phone, gadgets is permitted.

- |     | Answer all questions  | Marks |
|-----|---|-------|
| Q.1 | "Management Accounting is an extension of financial accounting techniques for special uses". Explain this statement with suitable illustrations.                    | (05)  |
| Q.2 | Define Management Accounting. Explain how it differs from Financial Accounting.   | (05)  |
| Q.3 | From the summarised balance sheets of India Uniliver Limited, prepare a cash flow statement for the year ended 31 <sup>st</sup> March 2015.<br>(Amounts in Rs.'000) | (10)  |

<i>Liabilities</i>	31.03.14	31.03.15	<i>Assets</i>	31.03.14	31.03.15
Share Capital	10000	10000	Goodwill	1200	1200
General Reserve	1400	1800	land	4000	3600
P&L Account	1600	1300	Buildings	3700	3600
Sundry Creditors	800	600	Investments	1000	1100
Outstanding Expenses	120	100	Inventories	3000	2400
Provision for Taxation	1600	1800	Bills receivables	2000	2300
Provision for Bad debts	80	100	Bank	700	1500
	15600	15700		15600	15700

Additional information :

- (i) A piece of land has been sold for Rs. 4,00,000
  - (ii) Depreciation of Rs. 7,00,000 has been charged on buildings.
  - (iii) Provision for taxation Rs. 20,00,000 has been made during the year.
- Q.4 In case of a manufacturing company: (05)
- (a) List the items of 'inflows' of cash receipts from operating activities.
  - (b) List the items of 'outflows' of investing activities.
- Q.5 Purchase manager of Cool air Fans Limited purchases 90,000 motors for its annual requirements, ordering one month usage at a time. Each motor costs Rs. 200. The ordering cost per order is Rs. 150 and the carrying charges are 15 % of the Unit cost. You are required to compare the costs as per existing policy and purchase on the basis of (10)

Economic Ordering and give your suggestion for change of policy if required.

OR

Q.6 Horizon limited manufactures a product LED1. The following information are collected (10)  
for the year 2016.

- Monthly Demand – 1000 Units
- Cost of placing order – Rs. 100
- Annual carrying cost per Unit – Rs. 15
- Normal Usage – 50 Units per week
- Minimum Usage – 25 Units per week
- Maximum Usage – 75 Units per week
- Re-order period is 4 to 6 weeks.

Compute from the above (i) EOQ (ii) Re-order Level (iii) Minimum Level (iv) Maximum Level (v) Average Stock Level

Q.7 The capital of Hyundai Ltd. is consisting as follows. (10)

	Rs.
Equity shares of Rs. 10 each	4,00,000
10 % preference share of Rs. 10 each	1,50,000
10% Debentures	1,00,000

The Analyst has ascertained as follows.

PAT (after @30% Tax Rate) Rs. 1,40,000

Depreciation Rs. 60,000

Equity Dividend paid @ 20%

Market Price per share Rs. 40

You are required to state:

- Dividend Yield
- Cover for Interest, Preference and Equity Dividends
- EPS
- P/E Ratio

Q.8 Give the meaning of : (10)

- Net Profit to Total Assets Ratio
- EPS
- P/E Ratio
- Return on Proprietor's funds

Q.9 Write a short note on 'Need for control of materials'. (05)

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