



**SHRI BHAIRAVNATH SHIKSHAN PRASARAK MANDAL'S
ADHALRAO PATIL INSTITUTE OF MANAGEMENT AND RESEARCH**

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101:MANAGERIAL ACCOUNTING

Q1) Define management accounting. Explain role of management accounting in the global business environment.

Q2) From the following Trial Balance of Nath Enterprises, prepare Trading A/c, profit and loss A/c and Balance sheet for the year Ended 31.3.2010

Trial Balance As on 31.3.2010

Particulars	Dr (Rs.)	Cr(Rs.)
Capital		90,000
Drawings	3,000	
Stock on 1.4.2009	45,000	
Octroi duty	800	
Purchases & Sales	2,00,000	3,12,000
Returns	6,000	2,000
Salaries	10,000	
Carriage outward	1400	
Wages	14,000	
Insurance	2,000	
Discount Received		600
Postage	800	
Debtors and creditors	60,000	64,000
Furniture	35,000	
Cash in hand	10,000	
Machinery	80,000	
Rent and taxes	6,000	
Printing and stationery	2,000	
Bank over draft		7400
Total	4,76,000	4,76,000

Adjustments:-

- a) Closing stock was valued at cost ₹40,000/-
- b) Depreciate Machinery @5%
- c) Salary ₹2000 and wages ₹1000/- were outstanding.
- d) Insurance ₹500/- was prepaid.

Q3) Classify the following items into:

- a) Factory overheads
- b) Administration overheads
- c) Selling and distribution overheads and
- d) Items excluded from cost sheet with reasons;

Sr. No.	Particulars
1	Income tax paid
2	Interest on capital
3	Warehouse Expenses
4	Cost of Mailing Literature
5	Sales Manager's Salaries
6	Insurance of Showroom
7	Sales Director's Fees
8	Sales Office Expenses
9	Rent of Sales Office
10	Depreciation of Delivery Vans
1	Interest on loan
12	Donations
13	Wealthtax
14	Subscription to Trade Journals
15	Office Lightings
16	Establishment Charges
17	Directors Travelling Expenses
18	Consultants Fees
19	Contribution to Provident Fund
20	Postage
21	Discount on shares & Debentures
22	Commission to Partners
23	Overtime Wages
24	Fuel and Power
25	Rent and Taxes

26	Insurance
27	Factory Lightings
28	Supervision
29	Brokerage
30	Preliminary Expenses Written off.

Q4) For Production of 10,000, the following is the budget expenses.

Particulars	PU (Rs.)
Direct Material	60
Direct Labour	30
Variable overheads	25
Fixed overheads (Rs. 1,50,000)	15
Variable expenses (direct)	5
Selling expenses (10% fixed)	15
Administrative Expenses (Rs.50,000 fixed for all level of production)	5
Distribution expenses (20% fixed)	5
	160

Prepare flexible budget for production of 6,000, 7,000 and 8,000 units.

Q5) The price structure of an iron manufactured by Seema electricals is as follows:-

Particulars	P.U (Rs.)
Material cost	120/-
Labour cost	40/-
Variable overheads	40/-
Fixed overheads	100/-
Total cost	300
(+) Profit	100
Selling price	400

This cost structure is based on 1000 units of iron manufactured during the year.

Calculate P/V ratio, BEP and margin of safety. Also find out same when:-selling price is decreased by 10%