

B.B.A. (Part-II) (CBCS Pattern) Sem-IV
UCB4C06 - Management Accounting

P. Pages : 5

Time : Three Hours



GUG/W/22/12030

Max. Marks : 80

- Notes : 1. All questions are compulsory.
2. All questions carry equal marks.

1. a) Explain the meaning & object of management accounting. 8
b) The expenses budgeted for production of 10,000 units in a factory are furnished below. 8

	Per Unit Rs.
Material	7.00
Labour	2.50
Variable overheads	2.00
Fixed overheads (10,000)	1.00
Direct variable overhead	.50
Selling expenses (10% fixed)	1.30
Distribution Exp. (20% fixed)	.70
Administrative expenses (Rs.5,000)	.50
Total cost per unit	15.50

Assuming that administrative expenses are rigid for all levels of production.
Prepare the budget for the production of 8,000 units and 6000 units.

OR

- c) From the following forecast of income & expenditure prepare a cash budget for the month January to April 2019. 16

Month	Sales Credit Rs.	Purchase Credit Rs.	Wages Rs.	Manu. Exp. Rs.	Administrative Exp. Rs.	Selling Exp. Rs.
2018 Nov.	30,000	15,000	3,000	1,150	1060	500
Dec.	35,000	20,000	3,200	1,225	1040	550
2019 Jan.	25,000	15,000	2,500	990	1100	600
Feb	30,000	20,000	3,000	1050	1150	620
Mar	35,000	22,500	2,400	1,100	1220	570
April	40,000	25,000	2,600	1,200	1180	710

Additional Information :

- i) The customers are allowed a credit period of two months.
- ii) The creditors are allowed a credit of two months.
- iii) Wages are paid on the 1st of the next month.
- iv) Lag in payment of other expenses is one month.
- v) Balance of cash in hand 1st January 2019 is Rs.15,000
- vi) A dividend of Rs.10,000 is payable in April.
- vii) Capital expenditure to be incurred : Plant purchased on 15th January for Rs. 5,000, a building has been purchased on 1st March & payments are to be made in monthly installments of Rs.2,000 each.

2. a) From the following information of ABC Company calculate :

8

- i) Profit volume ratio
- ii) Break Even point
- iii) Net Profit for the sales of Rs.1,50,000

Sales	1,25,000
Less : variable cost	45,000
	<hr/>
Contribution	80,000
Less : fixed cost	50,000
	<hr/>
Profit	30,000

b) Following is the financial position of Hindi Product -

8

Year	Sales (Rs.)	Profit (Rs.)
2013	70,000	20,000
2014	86,000	29,600

Calculate from the following information :

- i) Profit volume ratio
- ii) Break-Even-Point

OR

c) Find out from the following :

16

- i) Break-Even point
- ii) Net Profit on Rs.3,00,000 sales
- iii) Margin of safety of sales Rs.3,00,000
- iv) Sales to return a profit of Rs.70,000
- v) Rs.3,000 yearly increase in Manager's salary. How much additional sales to be required ?

Following figures are given

Sales	2,00,000
Less : Variable costs	1,50,000
	<hr/>
Contribution	50,000
Less : Fixed cost	25,000
	<hr/>
Net Profit	25,000

3. a) Financial statements of a com are summarized below

8

Trading and Profit & Loss A/c for the year ending 31st March 2019

Particulars	Rs.	Particulars	Rs.
To Opening Stock	1,10,000	By Sales	6,00,000
To Purchases	4,80,000	By Closing Stock	1,34,000
To Gross Profit	1,44,000		
	7,34,000		7,34,000
To Operating Expenses	66,000	By Gross Profit	1,44,000
To Net Profit	78,000		
	1,44,000		1,44,000

Balance Sheet as on 31st March 2019

Liabilities	Rs.	Assets	Rs.
Share Capital	5,25,000	Net block	4,30,000
Reserve & Surplus	37,000	Current Assets :	
Profit	64,000	Stock	1,20,000
Bank overdraft	24,000	Debtors	90,000
Creditors	1,50,000	At Bank	1,60,000
	8,00,000		8,00,000

Calculate the following Ratios :

- | | |
|---------------------------|------------------------|
| i) Quick Ratio | ii) Current Ratio |
| iii) Stock turnover Ratio | iv) Gross profit Ratio |

b) From the following information :

- i) Fixed assets turnover
- ii) Proprietors funds turnover
- iii) Working capital turnover

8

Balance Sheet as on 31st December 2019

Liabilities	Rs.	Assets	Rs.
Share holder's funds :		Fixed Assets :	
Share Capital	2,00,000	Plant & Machinery	1,00,000
Reserve & Funds	50,000	Land & Building	45,000
Profit & Loss A/c	75,000	Long term investment	70,000
		Furniture	35,000
Current Liabilities :		Current Assets :	
Creditors	70,000	Cash at hand	7,000
Bills Payable	80,000	Cash at Bank	1,30,000
Outstanding Exp.	10,000	Debtors	1,50,000
Proposed Dividend	55,000	Bills Receivable	15,000
Tax Payable	30,000	Stock	30,000
Interest on Debenture	12,000		
	5,82,000		5,82,000

Net sales during the year Rs.7,00,000

OR

c) The following is the trading & profit and loss account of 31st March 2019. Calculate the following ratios :

16

- i) Administrative expenses ratio
- ii) Finance expenses ratio
- iii) Selling & distribution expenses
- iv) Non-operating expenses ratio
- v) Gross profit ratio
- vi) Net profit ratio
- vii) Operating ratio
- viii) Stock turnover ratio

Trading & Profit & Loss Account for the year ending 31st March 2019

Particulars	Rs.	Particulars	Rs.
To Opening Stock	19,063	By Sales	1,25,000
To Purchase	78,812	By Closing Stock	24,625
To Carriage	500		
To Wages	1,250		
To Gross Profit	50,000		
	1,49,625		1,49,625
To Administrative Exp.	25,250	By Gross Profit	50,000
To Financial Exp :		By Interest on securities	375
Interest	300	By Dividend on shares	938
Discount	600	By Profit on sale of Shares	187
Bad debts	850		
To Selling & Distribution exp.	3,000		
To Non-operating Exp :			
Loss on sale of securities	88		
Provision for legal suit	412		
To Net Profit	21,000		
	51,500		51,500

4. a) From the comparative Balance Sheets given below - Calculate schedule of changes in working capital.

8

Particulars	2018 March 31	2019 March 31
A) Assets		
Cash	35,000	75,000
Sundry Debtors	98,000	90,000
Stock in Trade	87,000	1,20,000
Investment (long term)	15,000	10,000
Land	20,000	30,000
	2,55,000	3,25,000
B) Capital & Liabilities		
Sundry Creditors	50,000	45,000
Bills Payable (Short Term)	20,000	35,000
Debenture	-	20,000
Share Capital	1,25,000	1,50,000
Accumulated Profit	60,000	75,000
	2,55,000	3,25,000

- b) Prepare a schedule of changes in working capital & fund flow statement for the year ending 31st December 2018.

8

Balance Sheets

31 December

Liabilities	2017 Rs.	2018 Rs.
Share Capital	1,00,000	1,50,000
Share Premium	-	5,000
Capital Reserve (Profit on Sale of building)	-	20,000
Retained earnings	19,000	41,000
Creditors	50,000	60,000
	1,69,000	2,76,000

December		
Assets	2017	2018
Building	1,00,000	70,000
Machinery	30,000	45,000
Debtors	20,000	83,000
Stock	15,000	60,000
Cash	2,000	17,000
Preliminary Expenses	2,000	1,000
	1,69,000	2,76,000

Additional information Rs.3,000 depreciation on machinery was charged during the year. The dividend paid during the year 2018 was Rs.6,000.

OR

- c) From the following balances of Nagpur Com. Ltd. Prepare
- Statement of changes in working capital
 - Fund flow statement
 - Necessary working notes

16

31 st December		
	2017 Rs.	2018 Rs.
Cash	20,000	25,000
Inventories	31,000	32,000
Bills Receivable	24,000	27,000
Other Current Assets	8,000	7,000
Fixed Assets	50,000	58,000
Accumulated Depreciation	21,000	25,000
Accounts Payable	20,000	21,000
Long term Debt	14,000	13,000
Equity share capital	50,000	53,000
Retained earnings	28,000	37,000

Additional Information

- Fixed Assets costing Rs.12,000 were purchased for cash
- Fixed Asset which original cost is Rs.4,000 accounted depreciation is Rs.1,500 were sold at book value.
- Depreciation for 2018 amounted to Rs. 5,500
- Dividend of Rs.3,000 was paid during 2018.

5. Write short note :

- Limitations of Management Accounting. **4**
- Need of Break Even Analysis. **4**
- Significance of Ratio Analysis. **4**
- Sources of fund flow statement. **4**
