

**B.B.A. - II (CBCS Pattern) Semester-IV**  
**UCB4C06 - Management Accounting**

P. Pages : 6

Time : Three Hours



**GUG/S/25/12030**

Max. Marks : 80

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

1. a) How does management accounting helps in formulating marketing policy? 8  
 b) From the following prepare flexible Budget for 60%, 70% 90% & 100%. Cap. 8

Particulars	Amt (in lakh)
Fixed Expenses:	
Wages & Salary	4.2
Rent & Taxes	2.8
Depreciation	3.5
Sundry Administrative	4.5
Semi-variable expenses (50% Cap.)	
Repairs & Maintenance	1.25
Indirect labour	4.95
Sales & department salary	1.45
Sundry Administrative	1.3
Variable Expenses : (@50% Cap.)-	
Material	12.8
Labour	12.8
Salary	1.9
Other Expenses	12.0

Assume that fixed expenses, remain constant at all level of production & semi-variable expenses remain constant between 45% & 65% capacity, increase by 10% between 65% & 80% capacity & by 20% between 80% & 100% capacity.

Sales at various levels are

60% = 50.0 Re.

70% = 60.0 Re.

95% = 75.0 Re.

100% = 85.0 Re.

**OR**

- c) From the following data prepare a Cash Budget for the quarter October to December 2016. 16

Month	Sales	Purchase	Direct Labour	Factory Overhead	Selling overhead
August	2,00,000	-	-	-	-
September	2,50,000	-	-	-	-
October	3,00,000	1,25,000	70,000	39,500	8,000
November	3,00,000	1,50,000	70,000	39,500	8,000
December	3,20,000	1,80,000	70,000	41,500	9,000

Additional Information:

- i) All the sales are on Credit Half of the due are collected in the month of sale, on which a cash discount of 20% is allowed and the other half are realized in the next month.
- ii) All purchase are for cash on which a rebate of 5% is allowed by Suppliers.
- iii) The amount of Factory overheads includes quarters provision for depreciation amounting Rs. 16,500
- iv) Other general overheads of the quarter are Rs. 35,000 which includes general reserves Rs. 2,000 and bad debts Rs. 3,000
- v) New Machine to be purchased in December of Rs. 70,000
- vi) The cash balance on 1<sup>st</sup> Oct. may be Rs. 1,50,000.

2. a) ABC company produced two types of products.

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Particulars	Production 'A'	Production 'B'
Sales	15,000 units	15,000 units
	Rs. 15,000	Rs. 20,000
Fixed Cost	Rs. 3,000	Rs. 11,000
Variable Cost	Rs. 9,000	Rs. 6,000
Net Profit	Rs. 3,000	Rs. 3,000

Find out:

- 1) BEP for each production.
- 2) Joint BEP for both the production.
- 3) BEP by increasing sales 20% product A and sales of B remain constant.
- 4) BEP when sales of product B increasing by 20% and product A sales keeping constant.

- b) From the following information relating to Tata Company Ltd. calculate:

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- i) Ratio of variable cost to sale (PVR)
- ii) Break even point
- iii) Net Profit from the sale of Rs. 66,500
- iv) Sales required to earn a profit of Rs. 8,000
- v) Margin of safety if profit is Rs. 4,800.

Year	Total sales (Rs.)	Total cost (Rs.)
2019	52,500	48,500
2020	49,500	45,900

**OR**

c) Given:

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Year	Sales (Rs.)	Loss (Rs.)
2012	1,20,000	18,000
2013	1,50,000	12,000

Calculate:

- 1) P/r Ratio
- 2) Break Even Sales
- 3) Variable cost for 2012.
- 4) Sales to earn a profit of Rs. 6,000
- 5) Profit on Sales of Rs. 2,40,000

d) Give that:

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Fixed cost Rs. 1,00,000

Selling Price Rs. 100 per unit

Variable cost Rs. 75 per unit

Estimate the impact of the following on the B.E.P. if –

- i) 20% increase in variable cost.
- ii) 20% increase in fixed cost.
- iii) 20% decrease in fixed cost but 20% increase in variable cost.
- iv) 20% increase in fixed cost but 20% decrease in variable cost.

3. a) Given:

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Gross profit ratio = 25%

Net profit ratio = 10%

Net profit for the year is Rs. 80,000

Find out.

- 1) Sales
- 2) Gross profit
- 3) Cost of goods sold
- 4) Operating Ratio

b) Trading and profit and loss account of Rahul and company Ltd. for the year ending 31<sup>st</sup> March 2023 is given below.

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Trading & Profit and loss A/c

Particulars	Rs.	Particulars	Rs.
To Opening stock	4,00,000	By Sales	32,00,000
To Purchases	24,00,000	By Dividend	9,000
To Manufacturing expenses	80,000	By Closing stock	5,40,000
To Administrative expenses	1,68,000		
To Selling exp.	1,60,000		
To Financial exp.	20,000		
To Net profit.	5,21,000		
	<b>37,49,000</b>		<b>37,49,000</b>

Compute:

- 1) Stock Turnover Ratio
- 2) Gross Profit Ratio
- 3) Net Operating Profit Ratio
- 4) Operating Ratio
- 5) Net Profit Ratio

**OR**

c) Calculate the following ratios:

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- 1) Current ratio,
- 2) Liquid ratio
- 3) Stock turnover ratio
- 4) Operating ratio
- 5) Turnover to fixed assets ratio
- 6) Debtor's velocity ratio
- 7) Creditor's velocity ratio

**Balance Sheet**

Liabilities	Amt.	Assets	Amt.
Equity capital	5,00,000	Land & Building	4,50,000
General reserve	3,00,000	Plant & Machinery	2,50,000
P/L a/c	2,00,000	Stock	2,00,000
Creditors	2,00,000	Debtor's	2,00,000
		Cash	1,00,000
	<b>12,00,000</b>		<b>12,00,000</b>

**Trading & P/L a/c**

Particulars	Amt.	Particulars	Amt
To Opening stock	1,00,000	By Sale	16,00,000
To Purchase	8,00,000	By Closing stock	2,00,000
To Gross profit (c/d)	9,00,000		
	<b>18,00,000</b>		<b>18,00,000</b>
To office & administration expenses	2,00,000	By Gross Profit (b/d)	9,00,000
To Selling & distribution expenses	1,00,000	By Profit on Sale	25,000
To General expenses	25,000		
To Net profit	6,00,000		
	<b>9,25,000</b>		<b>9,25,000</b>

4. a) From the following item of assets and liabilities. Prepare statement showing increase and decrease in working capital.

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Particulars	2019	2020
<b>Liabilities :</b>		
Share capital	1,00,000	1,00,000
Debentures	50,000	60,000
Reserve & surplus	30,000	40,000
Trade creditors	70,000	55,000
Bills payable	20,000	25,000
Accrued expenses	10,000	7,000
Provision for Taxation	22,000	18,000
Short term loan	40,000	70,000
	<b>3,42,000</b>	<b>3,75,000</b>
<b>Assets:</b>		
Land & Building	1,00,000	1,10,000
Machinery	20,000	10,000
Furniture	40,000	50,000
Debtors	40,000	30,000
Bills Receivable	90,000	70,000
Prepaid expenses	20,000	15,000
Stock	20,000	40,000
Work-In-Progress	12,000	50,000
	<b>3,42,000</b>	<b>3,75,000</b>

- b) From the following information prepare fund flow statement and Adjusted profit and loss A/c for the year ended 31<sup>st</sup> March 2024.

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- 1) 4,000 shares of Rs. 10 each were issued.
- 2) Machinery purchase for cash Rs. 60,000
- 3) Preliminary expenses written off Rs. 8,000
- 4) Goodwill written off Rs. 10,000
- 5) Dividend paid of Rs. 14,000
- 6) Net profit for the year Rs. 50,000 (Closing Balance)
- 7) Depreciation of Rs. 54,000 was provided on all fixed assets.
- 8) Rs. 18,000 were transferred to general reserve.
- 9) A machine cost Rs. 6,200 after depreciation was sold for Rs. 8,000
- 10) Increase in working capital Rs. 1,26,200

**OR**

c) From the comparative balance sheet of Good luck company as on 31<sup>st</sup> December – 2023.

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Particulars	2022	2023
<b>Liabilities:</b>		
Share capital	10,00,000	11,00,000
Debentures	5,00,000	3,00,000
General Reserves	2,00,000	2,00,000
Profit & loss	1,10,000	1,90,000
Tax provision	40,000	1,10,000
Creditors	50,000	40,000
Bills payable	20,000	30,000
Provision for doubtful debts	30,000	24,000
	<b>19,50,000</b>	<b>19,94,000</b>
<b>Assets:</b>		
Goodwill	50,000	40,000
Land & Building	4,20,000	6,60,000
Plant & Machinery	6,00,000	8,00,000
Stock	2,50,000	2,10,000
Debtors	3,00,000	2,40,000
Cash	3,00,000	24,000
Preliminary expenses	30,000	20,000
	<b>19,50,000</b>	<b>19,94,000</b>

Additional Information:

- 1) During the year 2023 a part of Machinery costing Rs. 7,500 (Accrued Deprecation being Rs. 2,500) was sold for Rs. 3,000
- 2) Dividend was paid Rs. 1,00,000 for the year ended 31<sup>st</sup> Dec. 2023.
- 3) Income tax paid Rs. 50,000 during the year 31<sup>st</sup> Dec. 2023.
- 4) Depreciation provided for the year 2023 Land & Building Rs. 10,000 and Plant & Machinery Rs. 50,000.

You are required to prepare-

Schedule of changes in working capital and statement showing the sources and application of fund.

5. Write short answer.

- a) Uses of current ratio and acid test ratio. 4
- b) Types of working capital. 4
- c) Budgetary control. 4
- d) Limitations of B.E.P. 4

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