

B.C.C.A.- II (CBCS Pattern) Semester-IV
UBCCAT402 - Management Accounting

P. Pages : 5

Time : Three Hours



GUG/S/25/12046

Max. Marks : 40

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

1. a) Explain the concept of management accounting and write its features. 4
- b) Prepare a cash budget of a company for April, May and June 2024 using the following information. 4

Month	Sales (₹)	Purchases (₹)	Wages (₹)	Expenses (₹)
January (Actual)	80,000	45,000	20,000	5,000
February (---)	80,000	40,000	18,000	6,000
March (---)	75,000	42,000	22,000	6,000
April (Budgeted)	90,000	50,000	24,000	7,000
May (---)	85,000	45,000	20,000	6,000
June (---)	80,000	35,000	18,000	5,000

You are further informed that:

- 10% of the purchased and 20% of the sales are for cash.
- The average collection period of the company is 1/2 month and the credit purchases are paid off regularly after one month.
- Wages are paid half-monthly and the expenses is paid on the same month.
- Cash balance as on April 1, was 15,000.

OR

- c) The following figures are available from sales cost forecast of M/s. Raj & Co. for the year ended 31st Dec. at 50% (5,000 units) capacity. 8

Prepare a profit forecast statement through flexible budget at 60%, 75% and 90% and 100% capacity assuming that:

- The fixed expenses remain constant for all levels of production and sales.
- Selling price between 50% and 75% capacity is 25 per unit.
- Semi-variable expenses will remain unchanged at 50% to 65% of capacity but will increase by 10% between 65% to 80% of capacity and by 30% between 80% and 100% capacity
- At 90% level, (capacity) material cost increase by 5% and selling price is reduced by 5%.
- At 100% level both material and labour cost increase by 10% and selling price is reduced by 8%
- Semi-variable expenses are 50,000.

vii) Fixed expenses are ₹50,000.

viii) Variable expenses are material 5 per unit, labour 2 per unit and direct expenses 1 per unit.

2. a) The breakdown of cost per unit at an activity. 10,000 Units is as follows:

4

Raw Materials	10
Direct Expenses	08
Chargeable Expenses	02
Variable Overhead	04
Fixed Overhead	06
Total Cost Per Unit	30
Selling Price	32
Profit per Unit	02

Calculate

- Profit Volume Ratio
- Break Even Point (in Rs.)
- Margin of Safety
- Sales to earn a profit of Rs. 5,000

- b) Following data is received from the books of Ankita Ltd.

4

Year	Total Cost	Profit (Rs.)
2023	1,11,000	9,000
2024	1,27,000	13,000

Find out:

- Profit Volume Ratio
- Break Even Point
- Profit on the Sales of Rs. 1,00,000
- Margin of Safety of Both years.

OR

- c) Company A and Company B both under the same management make and sell the same type of product. The Budgeted profit and loss accounts for January-June are as under-

8

Particulars	Company 'A'		Company 'B'	
	₹	₹	₹	₹
Sales		3,00,000		3,00,000
Less: Variable Cost	2,40,000		2,00,000	
Fixed Cost	30,000	2,70,000	70,000	2,70,000
Profit		<u>30,000</u>		<u>30,000</u>

You are required to:

- Calculate the Break-Even Point for each company.
- Calculate the sales volume at which of the companies will make a profit to ₹10,000.
- Calculate the profit Volume Ratio of each company.
- Margin of Safety.
- In the following condition which product is more profitable-
 - In high demand
 - In low demand
- If fixed overhead of each product increase by 50% what will be the additional sales in % to absorbed the amount of additional fixed cost.

3. a) Following figure relate to the trading activities of Gupta Trading Ltd. For the year ended 31st March 2024.

4

Particular	Amt. (In Rs.)
Opening Stock	25,000
Purchases	55,000
Carriage Inward	30,000
Closing Stock	26,000
Loss on sale of old assets	6,500
Offices Expenses	15,000
Selling Expenses	5,000
Distribution Expenses	10,000
Sales	2,25,000
Interest of Bank Deposits	3,500

You are required to 1) Average the above figures in a form of suitable analysis and 2) Calculate the following Ratios (i) Gross Profit Ratio (ii) Net Profit Ratio (iii) Operating Ratio (iv) Stock Turnover Ratio.

- b) The following information is taken from the financial records of Ratan Tools Ltd. The year ended 31st March, 2024.

4

Particular	Amt. (In Rs.)
Sales	8,00,000
Opening Stock	1,90,000
Purchases	5,20,000
Closing Stock	1,70,000
Administration Expenses	1,20,000
Selling Expenses	80,000
Distribution Expenses	20,000
Profit on sale of fixed Assets	15,000
Loss on sale of investments	5,000
Current Assets	3,10,000
Fixed Assets	3,20,000
Current Liabilities	1,50,000

You are required to calculate the following ratios.

- 1) Gross Profit Ratio
- 2) Stock Turnover Ratio

OR

- c) Following is the summarized Balance Sheet of a concern as at 31st March.

8

Balance Sheet
As on 31st March, 2024

Liabilities	Amt. (Rs.)	Assets	Amt. (Rs.)
6% Preference Share Capital	1,50,000	Goodwill	20,000
Equity Share Capital	2,50,000	Land & Building	2,50,000
General Reserve	20,000	Plant & Machinery	1,75,000
Profit & Loss A/c	15,000	Furniture	10,000
5% Debenture	1,00,000	Stock	90,000
Creditors	28,000	Debtors	21,000
Bills Payable	12,000	Cash	5,000
		Preliminary Expenses	4,000
	5,75,000		5,75,000

Other Information:

Total Sales 4,00,000; 20% of which is made on credit. Gross Profit and Net Profit (after tax) for the ended amount to ₹ 80,000 and 20,000 respectively.

Calculate: (1) Current Ratio, (2) Liquid Ratio, (3) Debt-Equity Ratio, (4) Gross Profit Ratio, (5) Net Profit Ratio, (6) Stock Turnover Ratio, (7) Debtors Turnover Ratio, (8) Turnover to fixed Assets Ratio.

4. a) From the following particular prepare schedule of changes in working capital.

4

Particular	1 Jan.	31 Dec.
Cash	4,000	3,600
S. Debtors	35,000	38,400
Stock	25,000	22,000
Land	20,000	30,000
Building	50,000	55,000
Machinery	80,000	86,000
	<u>2,14,000</u>	<u>2,35,000</u>
S. Creditors	36,000	41,000
Long term loan	30,000	45,000
Capital	1,48,000	1,49,000
	<u>2,14,000</u>	<u>2,35,000</u>

- b) From the following transactions prepare fund flow statement.

4

Particular	Rs.
Share Capital issued	82,500
Plant and Machinery sold	6,000
Land and Building Purchased	27,000
Profit from Business Operation	44,000
Long term investment Purchased	10,000
Redemption of debentures	22,500
Redemption of preference shares	30,000
Payment of Dividend	6,000
Receipts from Debtors Ledger A/c	15,000
Payment of Income Tax	4,000
Payment made to Creditors	10,000
Increase in Working Capital (From schedule of changes in W.C.)	33,000

OR

- c) From the following Balance Sheet Prepare schedule of changes in working capital and fund flow statement:

8

Balance Sheet					
Liabilities	2023 (Rs.)	2024 (Rs.)	Assets	2023 (Rs.)	2024 (Rs.)
Share Capital	6,00,000	8,00,000	Goodwill	2,30,000	1,80,000
Preference Share Capital	3,00,000	2,00,000	Plant & Machinery	1,60,000	4,00,000
General Reserve	80,000	1,40,000	Sundry Debtors	3,20,000	4,00,000
Profit & Loss A/c	60,000	96,000	Stock	1,54,000	2,18,000
Proposed Dividend	84,000	1,00,000	Bills Receivable	40,000	60,000
S. Creditors	1,10,000	1,66,000	Cash	30,000	20,000
Bills Payable	40,000	32,000	Bank	20,000	16,000
Provision for Tax	80,000	1,00,000	Land & Building	4,00,000	3,40,000
	<u>13,54,000</u>	<u>16,34,000</u>		<u>13,54,000</u>	<u>16,34,000</u>

Additional Information:

- 1) Depreciation was provided on plant and machinery Rs. 20,000 and on land and building Rs. 40,000.
- 2) Provision for tax was made during the year Rs. 90,000.
- 3) Proposed dividend of 2023 has been paid during the year.

5. Short note-

- a) Objectives of Budgeting. 2
- b) B.E.P. How does Break Even Analysis Help in Business Decision. 2
- c) Advantages of Ratio analysis. 2
- d) Importance of fund flow statement. 2
