B.B.A. CBCS Pattern Semester-IV

UCB4C06 - Management Accounting

P. Pages : 4 **GUG/W/23/12030**

Time : Three Hours Max. Marks : 80

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

1. a) Write the tools of management accounting? **8**

b) Draw up a flexible budget for overhead expenses on the basis of the following data and determine overhead rate at 70% and 90% capacity. **8**

Particulars	At 80% capacity Rs.
Variable Overheads:	
Indirect Labour	12,000
Stores including spares	4,000
Semi-variable Overheads:	
Power (30% fixed, 70% variable)	20,000
Repairs (60% fixed, 40% variable)	2,000
Fixed Overheads:	
Depreciation	11,000
Insurance	3,000
Salaries	10,000
Total Overheads	62,000

OR

c) Prakash Industries Ltd. provide the following data. **16**

The prime cost of a unit is estimated to be Rs. 20 out of which Rs. 8 is for materials, and Rs. 12 for labour. In addition variable expenses per unit are expected to be Rs. 4 and fixed expenses per month will be Rs. 15,000.

The payment of material is to be made in the month following purchases. One third of the sale will be for cash and the rest on credit for settlement in the following month. Expenses are payable in the month in which the are in current.

Selling price is fixed at Rs. 40 per unit. The number of units manufactured and sold are expected to be as under

Jan.	Feb.	March	April	May	June
900	1200	2100	2100	2100	2400

Draw-up a cash budget showing requirement of working capital from the January to June. Ignoring question of stock.

2. a) Given: **8**

Direct wages per unit Rs. 1.50
Direct material per unit Rs. 2.25
Direct expenses per unit Rs. 0.65
Fixed cost:
Supervisory salary Rs. 10,000
Depreciation Rs. 4,000

Other overheads Rs. 16,000
Selling Price Rs. 8 (Per unit)
Calculate:

i) Sales at Break-even Point and profit if:
   a) 30000 units are sold and
   b) 20000 units are sold.

b) Indira Company submitted following informations: **8**

Particulars	2016	2017
Sales	3,00,000	3,60,000
Fixed Cost	90,000	1,20,000
Variable Cost	1,50,000	1,95,000

Find out:

1) B.E.P. for both year
2) Profit volume ratio for both year
3) Margin of safety for both year.

OR

c) From the following data find out **16**

i) Profit Volume Ratio
ii) Break even point in Rs.
iii) Sales for 40% P/V Ratio.
iv) Margin of safety from the sales Rs. 3,00,000
v) Net profit from the sales of Rs. 3,00,000
vi) Required sales for the net profit of Rs. 70,000
vii) Additional sales required to cover an increase of Rs. 3,000 p.a. in the sales manager's salary.

Position of the company for the year 2017-

	Rs
Sales	2,00,000
Variable overheads	- 1,50,000
Gross profit	50,000
Fixed Overheads	15,000
Net Profit	35,000

3. a) If Gross Profit Ratio is 30% **8**
Sales are Rs. 8,00,000
Administrative expenses Rs. 75,000
Selling Expenses Rs. 95,000
Calculate Operating Ratio

b) Trading and Profit and loss account of Gopal Co. Ltd. for year ended 31^{st} March 2018 is given below. **8**

Trading and Profit & 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 expenses	1,60,000		

To Financial expenses	20,000		
To Net profit	5,21,000		
	37,49,000		37,49,000

Compute:
1) Stock Turnover Ratio
2) Gross Profit Ratio
3) Net Profit Ratio
4) Net Operating Profit Ratio

OR

c) The following is the balance sheet of a company as on 31st March. **16**

Balance Sheet

Liabilities	Rs.	Assets	Rs.
Share Capital	2,00,000	Land and Building	1,40,000
Profit and loss account	30,000	Plant	3,50,000
General Reserve	40,000	Stock	2,00,000
12% Debentures	4,20,000	Sundry debtors	1,00,000
Sundry Creditors	1,00,000	Bills Receivable	10,000
Bills Payable	50,000	Cash at Bank	40,000
	8,40,000		8,40,000

Other Information:
1) Total Sales Rs. 6,12,500
2) Net credit sales Rs. 3,30,000
3) Net credit purchase Rs. 3,00,000
4) Net profit Rs. 60,000
5) No. of equity shares – 2000 shares Rs. 100 each.

Calculate:
1) Current Ratio
2) Quick Ratio
3) Debt to Equity Ratio
4) Debtors Turnover Ratio
5) Creditors Turnover Ratio
6) Fixed Assets Turnover Ratio
7) Earning Per Shares.

4. a) A Company reported current profit is Rs. 70,000 after incorporating the following. **8**

Particulars	Rs.	Particulars	Rs.
Loss on sale of equipment	10,000	Gain from sale of non-current assets	40,000
Premium on redemption of Debentures	1,500	Excess Provision for Taxation	22,000
Discount on issue of debenture	2,000	Dividend income on investment	4,000
Depreciation on machinery	20,000	Transfer to General Reserve	5,000
Depletion of natural of resources	10,000	Preliminary expenses	1,000
Amortization of Goodwill	30,000	Profit on revaluation of Investment	2,500
Interim dividend	25,000		

Derive the net inflow of fund flow from operation.

b) The following are the summarized. Balance Sheet of Ram Co. Ltd. as on 31st Dec. 2011 and 31st Dec. 2012. **8**

Balance Sheet

Liabilities	2011	2012	Assets	2011	2012
Equity Shares	1,00,000	1,00,000	Fixed Assets	95,000	1,20,000
Preference Shares	--	50,000	Investment	--	10,000
General Reserve	30,000	40,000	Stock	40,000	60,000
Profit & Loss A/c.	25,000	70,000	Debtors	20,000	40,000
Creditors	20,000	10,000	Bills Receivable	5,000	2,000
Bills Payable	--	2,000	Prepaid Expenses	5,000	18,000
Overdraft	3,000	--	Cash	20,000	10,000
Taxation provision	7,000	12,000	Advances	10,000	40,000
Proposed Dividend	10,000	16,000			
	1,95,000	3,00,000		1,95,000	3,00,000

You are required to prepare a statement showing the changes in working capital.

OR

c) The following are summarized Balance Sheet of Narayan Ltd. as on 31st Dec. 2014 and 31st Dec. 2015. Prepare statement of sources and application of fund, statement of working capital, Adjusted profit and loss account and machinery account. **16**

Balance Sheet

Liabilities	2014	2015	Assets	2014	2015
Share Capital	3,20,000	3,40,000	Building	2,00,000	2,00,000
Profit & Loss A/c.	58,000	98,000	Machinery	96,000	1,36,000
Creditors	36,000	20,000	Stock	36,000	28,000
Reserve for bad debt	--	20,000	Debtors	66,000	78,000
			Bank	16,000	36,000
	4,14,000	4,78,000		4,14,000	4,78,000

Additional Information:

1) Taxes paid during the year 2015 were Rs. 4,000.
2) During the year dividend of Rs. 8,000 was paid.
3) Depreciation on machinery was Rs. 12,000.
4) A machine with a book value of Rs. 20,000 was sold during the year for Rs. 24,000.

5. Write short notes:

a) Necessity of Flexible Budget. **4**

b) Importance of Contribution? **4**

c) Write short notes on: **4**
   i) Current Ratio
   ii) Liquidity Ratio

d) Limitations of Fund Flow Statement. **4**

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