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RAA-161100010605 Seat No. ________

B. B. A. (Sem. VI) (CBCS) Examination

March - 2019

Management Accounting

(New Course)

Time : $2\frac{1}{2}$ Hours] [Total Marks : **70**

Instructions : (1) Give answer of all questions.
(2) Working notes shall be treated as a part of the answer.

1 Explain the meaning of Management Accounting and discuss its scope and functions in detail. **14**

OR

1 (a) Distinguish : Financial Accounting and Management Accounting. **14**
(b) Discuss Limitations of Management Accounting.

2 Sauri Ltd. manufacturers "Twin" product. Its selling price per unit is Rs. 50. By manufacturing and selling 21,000 units of product, the company would suffer a loss of Rs. 75,000 while in case of 27,000 units it would make a profit of Rs. 75,000. **14**

Calculate :
(1) Profit Volume Ratio
(2) Break Even Point
(3) The profit at the sales of 30,000 units.
(4) Sales at a profit of Rs. 5,00,000.
(5) Margin of safety when sales Rs. 15,00,000.

OR

2 Decide which one of the following Sales Mix of Manya Ltd. should be optimum : **14**
(1) 45 units of X and 30 units of Y
(2) 90 units of X only.
(3) 60 units of Y only.
(4) 60 units of X and 20 units of Y

Additional Information is given below :

Particulars	Product X	Product Y
Direct Material per unit	Rs. 2	Rs. 2.5
Direct Wages per unit	Re. 1	Rs. 1.5
Variable Cost (percentage of wages)	100%	100%
Sales	Rs. 6	Rs. 10
Fixed Overhead Expenses	Rs. 100	

3 The standard cost of a certain chemical mixture of Arundhati Co. Ltd. is as follows : **14**

60% material X at Rs. 40 per ton.

40% material Y at Rs. 60 per ton.

A standard loss of 10% is expected in production. During one month 342 tons is produced and 180 tons of material X at Rs. 36 per kg and 220 tons of material Y at Rs. 68 is used.

Calculate :

(1) Material Cost Variance (2) Material Price Variance

(3) Material Mix Variance (4) Material Yield Variance

OR

3 Dhvanit Corporation can produce 16,000 units of a certain product at 100% capacity. The following information is obtained from books of accounts. **14**

Particulars	**March, 2019 9600 units Rs.**	**May, 2019 16,000 units Rs.**
Repairs and Maintenance	18,800	23,600
Salaries	40,000	40,000
Consumable Stores	48,000	80,000
Power	68,000	84,000
Inspection	7,200	10,400
Wages for production branch	24,000	40,000
Depreciation	56,000	56,000

The rate of production per hour is 10 units. Direct material cost per unit is Rs. 10 and Direct wages per hour is Rs. 50.

You are required to compare the cost of production at 70%, 80% and 90% capacity under the Flexible Budget. Show necessary calculations.

4 The Balance Sheet of Sonu Ltd. as on 31-3-2018 and 31-3-2019 are as follows : **14**

Liabilities	**31-3-2019**	**31-3-2018**	**Assets**	**31-3-2019**	**31-3-2018**
10% Redeemable preference share capital each of Rs. 10, Rs. 7 per share paid up	–	1,40,000	Goodwill	1,20,000	1,60,000
			Land and Building	5,00,000	3,20,000
			Plant and Machinery	4,00,000	2,80,000
Equity share capital each of Rs. 10 finally paid up	6,00,000	4,00,000	Investments	–	80,000
			Stock	1,00,000	60,000
			Debtors	80,000	88,000
			Bills Receivable	20,000	20,000

Securities Premium	20,000	30,000	Cash	22,000	20,000
			Bank Balance	80,000	–
General Reserve	1,00,000	1,60,000			
Profit and Loss A/c.	1,50,000	70,000			
12% Debentures	2,00,000	–			
Bank Overdraft	–	40,000			
Creditors	1,20,000	1,00,000			
Provision for Taxation	60,000	48,000			
Proposed Dividend	72,000	40,000			
	13,22,000	**10,28,000**		**13,22,000**	**10,28,000**

Additional Information : During the year ending 31st March 2019.

(1) Investments are sold at profit of 20% on its sales proceeds.

(2) Depreciation written off : on Land and Building Rs. 60,000; on Plant and Machinery Rs. 50,000.

(3) The company has redeemed Redeemable Preference Shares with 5% premium after observing necessary requirements of the Companies Act. For the purpose of redemption of Preference Shares, the amount of Rs. 2,00,000 has been transferred from General Reserve.

(4) The company issued Bonus Shares to the existing Equity shareholders from Capital Redemption Reserve, in the proportion of 2:1.

(5) Debentures were issued at 5% discount.

(6) Rs. 50,000 has been paid as tax for the last year and the amount of Proposed Dividend of the last year, has also been paid.

From the above information, prepare Cash Flow Statement.

OR

4 The following are the summarized Balance Sheets of Nivya Company Ltd. as on 31st March, 2018 and 2019 : **14**

Liabilities	**31-3-2018**	**31-3-2019**	**Assets**	**31-3-2018**	**31-3-2019**
Equity Shares : 1,05,000 shares of Rs. 10 each Rs. 8 paid up	8,40,000	–	Fixed Assets	14,70,000	16,10,000
			Investments	2,80,000	3,64,000
			Stock	7,70,000	9,52,000
			Debtors	6,30,000	6,16,000
Equity shares : 1,26,000 shares of Rs. 10 each fully paid up	–	12,60,000	Cash at Bank	98,000	2,31,000
			Preliminary expenses	14,000	7,000
12% preference					

share capital : Shares of Rs. 100 each fully paid up	7,00,000	4,90,000			
Redemption premium on Preference Shares	35,000	24,500			
General Reserve	5,60,000	2,80,000			
P&L Account	1,86,200	3,15,000			
15% Debentures	1,40,000	4,20,000			
Creditors	5,60,000	6,65,000			
Proposed Equity Dividend	1,00,800	1,57,500			
Provision for Taxation	1,40,000	1,68,000			
	32,62,000	**37,80,000**		**32,62,000**	**37,80,000**

Additional Information :

(1) Paid proposed Equity Dividend of last year and also paid interim equity dividend Rs. 63,000.

(2) On 31st March, 2019 Preference Shares were redeemed at 5% premium.

(3) Paid Rs. 1,68,000 as tax for the last year. While Preference Shares dividend was paid on 31st March each year.

(4) During the year a machine costing Rs. 84,000 (written down value of it was Rs. 21,000) has been sold for Rs. 66,500.

(5) Depreciation provided for the year was Rs. 1,05,000 on Fixed Assets.

(6) Out of General Reserve, the company has declared a Bonus Shares to make Equity Share Capital fully paid up.

(7) During the year, the company issued New Equity shares to Equity shareholders at Right shares in the ratio of 5:1 at face value.

You are required to prepare Cash Flow Statement as per Accounting Standard-3.

5 Define Responsibility Accounting. Explain Responsibility Centres in detail. **14**

OR

5 Explain the concept of Responsibility Accounting. State its advantages and limitations in detail. **14**