



JD-161100010605

Seat No. _____

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

August – 2019

Management Accounting

(New Course)

Time : $2\frac{1}{2}$ Hours]

[Total Marks : 70

- Instructions :** (1) Show working notes as a part of your answer.
(2) Figures to the **right** indicate full marks of the question.

- 1 What is Management Accounting ? How does it remove the limitations of Financial Accounting ? 14

OR

- 1 "Management Accounting is the best tool of the management to achieve higher profits and efficient operations".
– Discuss. 14

- 2 You are given the following data : 14

<i>Year</i>	<i>Sales</i>	<i>Profit</i>
2017	Rs. 1,20,000	Rs. 8,000
2018	Rs. 1,40,000	Rs. 13,000

Find out :

- (a) P/v Ratio
(b) B.E. Point
(c) Profit when sales are Rs. 1,80,000.
(d) Sales required to earn profit of Rs. 12,000.
(e) Margin of safety in the year 2018.

OR

2 ABC Ltd. manufactures auto parts. The following costs are incurred for processing 1,00,000 units of a component :

14

- Direct material cost Rs. 5,00,000
- Direct labour cost Rs. 8,00,000
- Variable factory overhead Rs. 6,00,000
- Fixed factory overhead Rs. 5,00,000

The purchase price of the component is Rs. 22. The fixed overhead would continue to be incurred even when the component is bought from outside although there would be reduction to the extent of Rs. 2,00,000.

Required :

- (a) Should the part be made or bought, considering that the present facility when released following a buying decision would remain idle ?
- (b) In case the released capacity can be rented out to another company for Rs. 1,50,000, what would be the decision ?

3 Prepare a flexible budget at 60%, 80% and 100% 14

production capacity from the following information of the Indian Company Ltd. for the three months ended on 31-3-2019 :

Fixed expenses : ***Rs.***

- Office Salaries	42,000
- Rent and taxes	28,000
- Depreciation of Machinery	35,000
- Sundry office expenses	44,500
	1,49,500

Semi-variable Expenses at 50% Capacity :

- Plant maintenance	12,500
- Indirect labour	49,500
- Salesmen's Salaries and expenses	14,500
- Sundry expenses	13,000
	89,500

Variable Expenses at 50% Capacity :

- Material	1,20,000
- Labour	1,28,000
- Salesmen's commission	19,000
	2,67,000

Semi-variable expenses remain constant between 40% and 70% capacity, increase by 10% of the above figures between 70% and 85% capacity and increase by 15% of the above figures between 85% and 100% capacity. Fixed expenses remain constant at any level of activity. Sales at 60% capacity are Rs. 5,10,000, at 80% capacity Rs. 6,80,000 and at 100% capacity Rs. 8,50,000.

It is to be assumed that all items produced are sold.

OR

- 3 Standard labour hours and rate of production of article 'A' are given below : 14

<i>Particulars</i>	<i>Per unit hours</i>	<i>Rate Per hours (Rs.)</i>	<i>Total (Rs.)</i>
Skilled labour	6	3.50	21.00
Unskilled labour	9	1.00	9.00
Semi-skilled	4	2.00	8.00

Actual performance : (Actual Production 2000 units)

<i>Particulars</i>	<i>Hours</i>	<i>Rate Per hour (Rs.)</i>	<i>Total (Rs.)</i>
Skilled labour	11,000	4.00	44,000
Unskilled labour	20,000	0.80	16,000
Semi-skilled	8,900	1.80	16,020

Calculate and explain following variances :

- (1) Labour cost variance
- (2) Labour rate variance
- (3) Labour efficiency variance
- (4) Labour mix variance.

4 Prepare a Cash Flow Statement from the following Balance Sheet of Ramesh Ltd. : 14

<i>Liabilities</i>	<i>2010-11</i>	<i>2011-12</i>	<i>Assets</i>	<i>2010-11</i>	<i>2011-12</i>
	<i>Rs.</i>	<i>Rs.</i>		<i>Rs.</i>	<i>Rs.</i>
Share Capital	9,00,000	9,00,000	Machinery	8,00,000	6,40,000
Capital Reserve	52,000	66,000	Investments	1,00,000	1,20,000
General Reserve	6,00,000	6,20,000	Stock	4,00,000	3,90,000
P & L A/c.	60,000	70,000	Debtors	4,00,000	9,10,000
Debentures	-	5,40,000	B/R	80,000	30,000
Creditors	1,80,000	1,50,000	Cash	3,18,000	3,94,000
B/P	1,56,000	1,18,000			
Provi. for Taxation	1,50,000	20,000			
	20,98,000	24,84,000		20,98,000	24,84,000

Additional Information :

- (1) Dividend paid Rs. 80,000.
- (2) Net profit Rs. 1,24,000 and provision for taxation was Rs. 20,000.

- (3) Investments of Rs. 16,000 sold for Rs. 17,000 and new investments were purchased for Rs. 36,000.
- (4) Provision for depreciation is made for Rs. 1,40,000.
- (5) During the year machinery of Rs. 20,000 sold for Rs. 24,000.

OR

4 The Balance Sheets of Harish Ltd. as on 31-3-2010 14
and 31-3-2011 are as follows :

<i>Liabilities</i>	<i>31-3-10</i>	<i>31-3-11</i>	<i>Assets</i>	<i>31-3-10</i>	<i>31-3-11</i>
	<i>Rs.</i>	<i>Rs.</i>		<i>Rs.</i>	<i>Rs.</i>
Eq. Share Capital	3,90,000	5,20,000	Goodwill	16,000	10,000
General Reserve	2,21,000	2,60,000	Machinery	4,00,000	4,00,000
Capital Reserve	-	13,000	Building	6,40,000	8,35,000
P & L A/c.	78,000	97,500	Investments	1,30,000	1,04,000
Debentures	2,60,000	1,82,000	Debtors	2,50,000	2,80,000
Creditors	1,00,000	69,000	Stock	1,14,000	1,23,000
B/P	56,000	1,00,000	Cash	10,000	29,000
Prov. for Taxation	1,17,000	1,10,500			
Prov. for					
Depreciation	2,99,000	3,77,000			
Proposed Divi.	39,000	46,800			
Unclaimed Divi.	-	5,200			
	15,60,000	17,81,000		15,60,000	17,81,000

Additional Information :

- (1) A machine is sold for Rs. 32,500, which costs at Rs. 65,000 and depreciation provided for Rs. 27,300. A machine of Rs. 18,000 is fully depreciated so it is be written off.
- (2) Depreciation provided on Building Rs. 43,300 and on Machinery Rs. 80,000.
- (3) Debentures were redeemed at 5% premium.
- (4) Investments were sold at a profit and profit is transferred to capital reserve.
- (5) In the previous years stocks were under valued by 5%. Now it is to be valued at cost. Stock as on 31-3-2011 is valued at cost. Taxes paid for Rs. 80,000.

Prepare Cash Flow Statement.

- 5** What is Responsibility Centre ? How responsibility centre can be determined ? Give information about various responsibility centres. **14**

OR

- 5** Discuss points to be considered for making responsibility accounting system more effective. **14**