



BBN-161100010605

Seat No. _____

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

July - 2021

Management Accounting

(New Course)

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

[Total Marks : 70

Instructions :

- (1) You are required to attempt any five questions.
- (2) Figures to the right side indicate marks.
- (3) All working notes should be part of your answer.

- 1 Define Management Accounting. Discuss its scope and functions in detail. 14

- 2 Write short notes : (any **two**) 14
 - (a) Difference between - Management Accounting and Cost Accounting.
 - (b) Difference between - Management Accounting and Financial Accounting.
 - (c) Tools and Techniques of Management Accounting.
 - (d) Importance of Management Accounting.

- 3 (a) Divya Limited provides the following information with regards to FY-2019-20 : 7

<i>Month</i>	<i>Profit/Loss</i>
April - 2019	Rs. 75,000 Profit
May - 2019	Rs. 90,000 Profit
June - 2019	Rs. 1,35,000 Profit
July - 2019	Rs. 1,35,000 Profit
August - 2019	Rs. 95,000 Profit
September - 2019	Rs. 30,000 Loss

Additional Information :

- (1) Profit of First 6 (six) months of Financial Year is less by Rs. 2,00,000 than the Second 6 (six) months of Financial Year

- (2) Cost of Sales for the FY-2019-20 is Rs. 73,00,000. Out of which, the cost of sales of first 6 (six) months of financial year is less by Rs. 3,00,000 as compared to last 6 (six) months of the financial year.

From the above information - Calculate :

- (1) Fixed Cost for the year
(2) B.E.P.

- (b) Following are the details relating to the manufacture of Product A and B :

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<i>Particulars</i>	<i>Product A (Per Unit)</i>	<i>Product B (Per Unit)</i>
Selling Price	200	320
Direct Materials (Rs. 7.50 per kg)	60	120
Direct Labour (Rs. 5 per hour)	40	72
Variable Overhead	20	32

Fixed cost Rs. 3,00,000.

Assume that Raw Materials are the key factor and only 80,000 kg. of materials are available and maximum 8,000 units of both products can be sold. What should be the production of each of them so that maximum profit can be obtained? Calculate maximum profit also.

- 4 Rahul Limited manufactures and sells products X, W, Y and Z. The following is the cost of manufacturing one unit of each product :

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<i>Particulars</i>	<i>Product X</i>	<i>Product W</i>	<i>Product Y</i>	<i>Product Z</i>
Raw Material	Rs. 120	Rs. 140	Rs. 135	Rs. 145
Labour	Rs. 60	Rs. 60	Rs. 60	Rs. 60
Admin. Exp. - Variable	Rs. 45	Rs. 45	Rs. 45	Rs. 45
Selling Price	Rs. 190	Rs. 180	Rs. 255	Rs. 280
Production Capacity per year	5000 units	5000 units	5000 units	5000 units

Additional information :

- The above mentioned labour costs are inclusive of 33.33% towards labour cost of permanent employees, which cannot be avoided.
- Rent paid for the factory is worth of Rs. 1,00,000 per year.

You are requested to answer the following question along with your working -

- (1) The company would like to discontinue any one product. Advice which product should be discontinued.
- (2) If the said product will be discontinued then, two options are available -
 - (a) The spare capacity resulted will be utilized equally to increase the production of any two products in order to maximise the profit, or
 - (b) Produce another fresh product called "XWYZ" with same production capacity, which can be sold in the market at Rs. 380 per unit. To produce the said product, material cost will be Rs. 215 per unit while all other costs are similar to product Z. Moreover, one additional employee is required to be recruited who charges Rs. 80,000 per year.

Which option will be more profitable for the company?
All working will be part of your answer.

- 5 (a) From the following information of Jimmy Ltd., 8
prepare Cash Budget for three months from April to June 2021 :

<i>Month</i>	<i>Sales (Rs.)</i>	<i>Purchases (Rs.)</i>	<i>Wages (Rs.)</i>	<i>Overhead Expenses (Rs.)</i>
February	12,00,000	6,00,000	2,40,000	2,25,000
March	9,00,000	5,40,000	2,16,000	1,95,000
April	13,00,000	6,60,000	2,88,000	2,55,000
May	18,00,000	9,60,000	3,00,000	2,85,000
June	10,00,000	4,80,000	2,52,000	2,25,000

Additional Information :

- (1) Cash and Bank Balance on 01.04.2021 is Rs. 1,20,000.
- (2) Assume 40% of total sales are cash sales and remaining credit.
- (3) 50% amount of credit sales are realized in the next of the sales and remaining 50% amount is realized in second month of sales.
- (4) The period of credit allowed by supplier is one month.
- (5) Overhead expenses includes Rs. 45,000 per month for depreciation on fixed assets.
- (6) The time lag in payment of overhead expenses is 1/2 month and time lag in payment of wages is one month.
- (7) In June debenture interest of Rs. 75,000 is to be paid.
- (8) Minimum cash balance of Rs. 1,20,000 is to be maintained. For shortfall in cash balance money can be borrowed in multiples of Rs. 5,000 at 12% interest p.a. Borrowed amount to be repaid in beginning of next month.

(b) The information of Jhonny Limited is as under :

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<i>Particulars</i>	<i>Standard</i>		<i>Actual</i>	
	<i>Hours</i>	<i>Rate</i>	<i>Hours</i>	<i>Rate</i>
Men	1,000	3.00	1,400	3.20
Women	600	1.20	600	1.00

Find Out :

- (1) Labour Cost Variance
- (2) Labour Rate Variance
- (3) Labour Efficiency Variance
- (4) Labour Mix Variance.

- 6 (a) With the following data for 60% activity of Ishani Ltd., prepare flexible budget for production at 80% and 90% capacity : 6

Production	3,000 units
Material per unit	Rs. 50
Labour per unit	Rs. 30
Direct expenses per unit	Rs. 20
Factory Overheads	Rs. 1,00,000 (40% Fixed)
Administrative Overheads	Rs. 75,000 (60% Fixed)
Selling Overheads	Rs. 60,000 (50% Fixed)

- (b) From the following particulars of Nishka Company, Find Out : 8

- (1) Material Cost variance
- (2) Material Price variance
- (3) Material usage variance
- (4) Material Mix variance
- (5) Material sub-usage variance

<i>Material</i>	<i>Standard Quantity</i>	<i>Standard Price</i>	<i>Actual Quantity</i>	<i>Actual Price</i>
A	3,500	5	3,700	6
B	1,500	10.5	1,650	10
C	1,000	16.5	1,250	18

- 7 The Balance Sheets of Hardik Limited for the last two years are as follows along with the various adjustments. From the same, you are requested to prepare "Cash-Flow Statement" as per AS-3. All the working notes will be part of your answer. 14

<i>Liabilities</i>	<i>March 2020 (Rs.)</i>	<i>March 2019 (Rs.)</i>	<i>Assets</i>	<i>March 2020 (Rs.)</i>	<i>March 2019 (Rs.)</i>
Eq. Share Capital (Rs. 10 each)	9,50,000	2,00,000	Fixed Assets	22,00,000	10,00,000
10% Pref. Share Capital (Rs. 10 each Rs. 8 paid-up)	-	2,00,000	Investments	-	2,00,000
General Reserve	6,00,000	6,00,000	Profit & Loss Account	40,000	4,00,000
Capital Reserve	-	2,00,000	Debenture Discount	10,000	-
Capital Redemption Reserve	1,00,000	-	Stock	4,00,000	5,40,000
Debentures	6,00,000	2,00,000	Sundry Debtors	6,00,000	4,60,000
Sundry Creditors	8,00,000	2,00,000	Bank Balance	20,00,000	-
Bills Payable	6,00,000	2,00,000			
Provision for Tax	10,00,000	4,00,000			
Provision for Depreciation	6,00,000	2,00,000			
Bank Overdraft	-	2,00,000			
	52,50,000	26,00,000		52,50,000	26,00,000

Additional Information :

- (1) In the beginning of the current year, the company has redeemed preference shares at 8 % premium after observing necessary legal procedure.
- (2) Stock was valued at 10% less than its original cost in previous year. Now, it is decided to value at cost price. Stock on 31/3/2020 is shown at its Cost Price.
- (3) All the Fixed Assets are sold off at the beginning of the year for Rs. 12,00,000 and the profit has been credited to Capital Reserve Account.
- (4) Company has given fully paid up Bonus Shares to its Equity shareholders from Capital Reserve Account.
- (5) The investments are sold off for Rs. 2,50,000.
- (6) During the year, Interim Dividend of Rs. 1,00,000 and Tax of Rs. 2,00,000 have been paid.

8 Balance Sheets of Ravi Limited for 2019 and 2020 are 14
as under :

<i>Liabilities</i>	<i>2019 (Rs.)</i>	<i>2020 (Rs.)</i>	<i>Assets</i>	<i>2019 (Rs.)</i>	<i>2020 (Rs.)</i>
Eq. Share Capital (Rs. 10 each)	6,00,000	10,00,000	Goodwill	2,00,000	1,60,000
General Reserve	3,00,000	2,00,000	Machinery	7,00,000	9,00,000
P & L Account	2,96,000	2,76,000	Land & Building	6,00,000	5,40,000
Debentures	2,00,000	2,80,000	Investments	1,60,000	1,50,000
Sundry Creditors	1,60,000	1,20,000	Stock	80,000	1,60,000
Bills Payable	1,50,000	1,90,000	Cash Balance	-	80,000
Unpaid Expenses	20,000	10,000	Sundry Debtors	1,50,000	1,80,000
Provision for Income Tax	1,20,000	1,60,000	Bills Receivable	30,000	40,000
Bank Overdraft	1,10,000	-	Preliminary Exp.	36,000	24,000
			Debenture Discount	-	2,000
	19,56,000	22,36,000		19,56,000	22,36,000

Additional Information :

- (1) On 1-1-2020, company has given bonus shares in the ratio of one bonus share against three equity shares held. Provision for this, is done from General Reserve.
- (2) During the year, tax and dividend were paid Rs. 1,10,000 and Rs. 1,08,000 respectively.
- (3) New debentures were issued at 5% discount during the year.
- (4) Investments of Rs. 40,000 was sold at such price so as to realize 20% profit on selling price.
- (5) Depreciation written off during the year -
 - On machinery - Rs. 70,000.
 - On Land & Building - Rs. 60,000.
- (6) Machinery having book value of Rs. 1,00,000 was sold at 20% loss during the year.

From the above information, prepare - Cash-flow statement as per Accounting Standard - 3.

9 Define Responsibility Accounting and explain its advantages and Limitations in detail. 14

10 Explain Responsibility centres in detail. 14