



DP-161100010605

Seat No. _____

B. B. A. (Sem. VI) (W.E.F. 2016) Examination

March - 2022

Management Accounting - II

(Core - 10)

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

[Total Marks : 70

- Instructions :** (1) All the questions are compulsory.
(2) Figures to the right side indicate marks.
(3) All working notes should be a part of your answer.

1 Explain the meaning and importance of "Management Accounting" in detail. 14

OR

1 Attempt the following : 14

- (a) Tools and Techniques Management Accounting system.
(b) Limitations of Management Accounting.

2 Unity Ltd. provides following information for the company : PVR - 50%, Profit on sales - 25% and Cost of Sales - Rs. 9,00,000. Calculate : 14

- (i) BEP (Rs.).
(ii) Profit when sales is Rs. 15,00,000.
(iii) Profit/Loss when sales is Rs. 5,00,000.

- (iv) Margin of Safety (Rs. and %) when profit is Rs. 5,00,000.
- (v) If the present sales price is reduced by 20%, Calculate new PVR and required Sales to maintain current profit.
- (vi) Required sales to maintain present profit when selling price, variable cost and fixed cost increases by 30%, 30% and $33\frac{1}{3}\%$ respectively.

OR

- 2 M/s Ganga Company Limited produces two products 14
A and B. Following particulars are available from its records :

Particulars	Product A Amt. (Rs.)	Product B Amt. (Rs.)
Direct Material Per Unit	1,080	960
Direct Labour (Labour Hour Rate Rs. 12)	30 Hr.	20 Hr.
Selling Price Per Unit	2,100	1,800
Variable Overhead (% of Direct Labour)	150%	150%

Fixed Cost - Rs. 15,000.

Management thinks for following options of Sales Mix :

- (1) Product A - 720 units and Product B - 780 units.
- (2) Product A - 2,310 units only.
- (3) Product B - 1,290 units only.
- (4) Product A - 510 units and Product B - 1,080 units.

Which sales mix, you will suggest ? Calculate profit of all sales mix. All working notes will be part of your answer.

3 Prepare cash budget of M/s Rangeela Limited for the 14
three months ending on 30th June 2021 :

(1) Sales Data -

- February - Rs. 30,00,000
- March - Rs. 40,00,000
- April - Rs. 50,00,000
- May - Rs. 40,00,000
- June - Rs. 60,00,000

(2) The details of cost of sales for the month of February :

Particulars	Amt. (Rs.)
Material	9,00,000
Wages	6,00,000
Variable Overheads	3,00,000
Fixed Overheads (Including Rs. 4,00,000 depreciation on Machinery)	12,00,000

(3) 60% of the sales are realized in the month of Sales,
30% in the month following the sales and remaining
in the second month following the sales.

(4) The purchase of every month is made one month in
advance, 20% of the purchases are paid in the month
of purchase and the remaining amount is paid after
the month of purchase.

- (5) Wages and Variable overhead are paid after $\frac{1}{2}$ month. The expenses are totally variable on which the gross profit is maintained at uniform rate.
- (6) Advertising expenses are increased every month by Rs. 1,00,000 which becomes stagnant after the month of June. According to the contract the expenses of every month is to be paid one month in advance. The advertisement expenses for the month of March are Rs. 2,00,000.
- (7) Interest Income is to be received in June at 12% on fixed deposit of Rs. 10,00,000 subject to tax at 20.40%.
- (8) Payments - bonus to staff Rs. 1,00,000 (in the month of May), Income Tax Rs. 6,00,000 (in the month of April).
- (9) The Company has a cash balance of Rs. 2,00,000 as on 01/04/2021 which is the minimum desired level of cash. Fund can be borrowed in multiple of Rs. 40,000 on monthly basis at 12% per annum. Interest on such borrowing is payable on the next of the month following the borrowing.

OR

3	Material	Standard Mixture		Actual		14
		%	Price	Qty	Price	
	A	30	14	320	15	
	B	70	18	510	19	

A std. Loss is expected 5% in production. Actual production is 760 kilos. Calculate : All variances regarding material and give proper reconciliation.

4 Following is the balance-sheet of Abhi Limited :

14

Liabilities	31-03-2020	31-03-2021	Assets	31-03-2020	31-03-2021
Share Capital			Building	2,00,000	5,00,000
(Rs. 10 Each)	2,00,000	10,00,000	Plant and		
Capital Reserve	40,000	40,000	Machinery	2,00,000	5,00,000
Share Premium	40,000	80,000	Investments	2,00,000	3,00,000
General Reserve	60,000	2,00,000	Stock	1,60,000	4,00,000
P and L A/c	4,20,000	4,80,000	Debtors	2,00,000	3,00,000
Sundry Creditors	1,40,000	1,80,000	Cash and		
Prov. For			Bank Bal.	60,000	1,80,000
taxation	1,20,000	2,00,000			
	10,20,000	21,80,000		10,20,000	21,80,000

During the year,

- (1) The company has sold Machinery of Rs. 4,00,000 at a profit of Rs. 40,000 and it has credited it to Capital Reserve Account.
- (2) Given right shares at 10% premium to those shareholders whose name appear in the record of the company as on 31/03/2020 in the ratio of two shares to the holder of one share and thereafter, from the capital reserve, the company has given two shares to the holder of three shares fully paid as bonus share at par.
- (3) Provide depreciation of Rs. 1,60,000 on building.
- (4) Income Tax paid amounting to Rs. 1,20,000.
- (5) Investments costing of Rs. 1,00,000 has been sold at a profit of 20% on sale.

You are requested to prepare cash-flow statement as per AS-3. All working notes will be part of your answer.

OR

4 The balance sheets of M/s Viraj as on 31/03/2020 and 31/03/2021 are as follows : 14

Liabilities	Mar. 2018	Mar. 2019	Assets	Mar. 2018	Mar. 2019
Eq. Share Capital			Fixed Assets	4,00,000	5,00,000
(Rs. 10 each)	2,00,000	2,60,000	Investments	80,000	1,20,000
Pref. Share			Sundry Debtors	1,30,000	1,06,000
Capital (Rs. 10 each)	1,60,000	60,000	Stock	2,16,000	3,00,000
Share Premium	–	1,000	Cash Balance	2,000	2,000
Capital Red. Reserve	–	40,000			
Reserve Fund	1,00,000	1,20,000			
Profit and Loss Account	40,000	75,000			
Creditors	1,20,000	1,40,000			
Provision for Tax	80,000	1,00,000			
Provision for Depreciation	96,000	2,00,000			
Bills Payable	12,000	8,000			
Proposed Dividend	20,000	24,000			
	8,28,000	10,28,000		8,28,000	10,28,000

Additional Information :

(1) During the year, Pref. Shares of Rs. 1,00,000 were redeemed at 50% premium. This was done partly, by creating Capital Redemption Reserve from Reserve Fund and partly by issuing new Eq. Shares of Rs. 60,000. These new Eq. Shares were issued at 10% premium. The Premium on redemption of Pref. Shares, was met out of the premium received on issue of new Eq. Shares.

- (2) Decided to value the Stock at cost from the year 2020-21. Whereas earlier the practice was to Value stock at cost less 10%. The opening stock was valued as per the practice existing at that time, while the Closing Stock was correctly valued at Cost.
- (3) One of the Fixed Assets costing Rs. 1,00,000 on which accumulated depreciation is Rs. 20,000 has been sold for Rs. 90,000.
- (4) Proposed Dividend of the last year was paid and taxes of Rs. 70,000 of last year also paid. From the above particulars, prepare Cash Flow Statement.

5 Define "Responsibility Accounting". Explain responsibility centres in detail. 14

OR

5 What is transfer price ? Explain types of transfer price. 14
