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Seat No. _______________

HC-161100010605

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

April - 2023

Management Accounting

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 form part of your answer.

1 Explain the meaning and scope of Management Accounting. **14**

OR

1 Explain the difference among Financial, Cost and Management Accounting. **14**

2 (a) From the following particulars, find out the selling price per unit, if the break-even point is to be brought down to 10,000 units. **4**

Selling price per unit = Rs. 40
Variable cost per unit = Rs. 32
Fixed Expenses = Rs. 1,00,000/-

(b) M/s. Preet Company Limited provides you with the following data for the year ending on 31-3-2022.

Particulars	**Amount Rs.**
Sales	32,00,000
Less: Variable Exp (Rs. 75 per unit)	12,00,000
Contribution	20,0,000
Less : Fixed Cost	16,00,000
Profit	4,00,000

From the above information, find out

(1) Profit Volume Ratio

(2) Break-even Point (in rupees)

(3) Margin of Safety

How, these three will be affected in the following circumstances :

(a) Increase of 20% in fixed expenses.

(b) Decrease of 20% in variable expenses

(c) Increase of 20% in selling price and decrease in number of sales units by 25%.

OR

2 Roto Pens Limited manufactures and sells 60,000 pilot pens (at 60% capacity) at a selling price of Rs. 8 per pen. Its cost of sales per pen is as follows : **14**

Direct Material = Rs. 2.5/-

Direct Wages = Rs. 0.825/-

Works Overhead (50% fixed) = Rs. 2.50/-

Selling Overhead (25% variable) = Rs. 0.20/-

During the current year the company intends to produce the same numbers, but anticipates an increase of 10% in fixed costs, while the rates of direct wages and direct materials will increase by 33% and 6% respectively. There is no scope for increasing the selling price because of stiff competition in the market. Under this situation, it receives an offer from M/s. Pfiger Limited, to buy a further 20% capacity for its promo scheme.

You are required to find out the minimum price that should be quoted to M/s. Pfiger Limited to ensure that it earns an overall profit of Rs. 1,13,625/-

3 (a) From the following information of M/s. Amrik Limited, prepare cash budget for three months from April 2023 to June 2023. **10**

(1) Cash and Bank Balance as on 01-04-2023 is Rs. 1,20,000/-

(2)

Month	Total Sales (Rs.)	Purchases (Rs.)	Wages (Rs.)	Overhead (Rs.)
February	12,00,000	6,00,000	2,40,000	2,40,000
March	9,00,000	5,40,000	2,16,000	1,80,000
April	13,50,000	6,60,000	2,88,000	2,70,000
May	18,00,000	9,60,000	3,00,000	3,00,000
June	10,50,000	4,80,000	2,52,000	2,10,000

(3) Assume 20% of total sales are cash sales and 80% of credit sales.

(4) **5**0% of credit sales are realized in the month following sales and the remaining 50% in the next month following.

(5) Commission on sales at 2% on total sales is to be paid within a month following actual sales.

(6) The period of credit allowed by supplier in one month.

(7) Overhead expenses included Rs. 60,000/- per month for depreciation on fixed assets.

(8) The time lag in payment of wages is 1/4 month and lag in payment of overhead expenses is 1/2 month.

(9) Dividend of Rs. 1,20,000/- for the year 2022-23 is to be paid in June 2023.

(b) The details regarding labour cost of a company for March 2022 are given below – Calculate Labour Variances. **4**

Standard Hours = 4,000 hours

Standard Rate per hour = Rs. 34 per hour

Actual Wages Paid = Rs. 1,36,800

Actual Hours = 3,800 hours

Abnormal Idle time = 160 hours

OR

3 (a) The following particulars are available from the records of M/s. Kahaan Ltd. **7**

Particulars	**60% Capacity Amount in Rs.**	**100% Capacity Amount in Rs.**
Cost of Direct Material	45,000	75,000
Direct Wages	30,000	50,000
Indirect Wages	32,500	47,500
Repairs and Maintenance	15,000	25,000
Power and Fuel	18,750	28,750
Rent	60,000	60,000
Insurance	50,000	50,000
Selling Overheads	30,000	40,000
Administrative Overheads	50,000	70,000
Depreciation	30,000	30,000

Total production at 100% capacity is 5,000 units. Prepare flexible budget at 70% and 90% capacity.

(b) The following is the standard mix of production of Product "X". **7**

Materials	**KGs**	**Price per Kg**
A	10 KG	Rs. 16 per kg
B	6 KG	Rs. 18 per kg
C	4 KG	Rs. 13 per kg

The standard loss is 20% of the units introduced. Actual production is 480 KGs. The actual consumption and cost of the material used is as under :

Materials	**KGS**	**Total Price**
A	320 Kg	Rs. 6,400/-
B	120 Kg	Rs. 1,800/-
C	200 Kg	Rs. 1,800/-

Calculate the following variances :

(1) Material Cost Variance

(2) Material Price Variance

(3) Material Usage Variance

(4) Material Mix Variance

(5) Material Yield Variance

4 From the following Balance Sheets and additional information of Peter Company Limited, prepare cash flow statement. **14**

Liabilities	31-Mar-21	31-Mar-22	Assets	31-Mar-21	31-Mar-22
(A) Equity & Liabilities			(B) Assets		
1. Shareholders' funds			1. Non-Current Assets		
(a) Share Capital :			(a) Fixed Assets		
			Goodwill	330,000	264,000
Eq. shares	990,000	1320,000	Land & Bldg.	660,000	561,000
Red. Pref. shares	495,000	330,000	Plant	264,000	660,000
(b) Reserve & Surplus			(b) Non-Current Invest.		
			Investments	66,000	99,000
General Reserve	132,000	165,000	(c) Other Non-current Assets		
Capital Reserve	-------	66,000	Preliminary Exp.	49,500	33,000
Profit and Loss A/c.	99,000	158,400	(2) Current Assets		
(2) Current Liabilities			Debtors	462,000	561,000
			Stock	254,100	359,700
Creditors	82,500	1,55,100	Cash	49,500	33,000
Bills Payable	66,000	52,800	Bank	33,000	26,400
Outstanding Exp.	99,000	118,800	Bills Receivable	66,000	99,000
Provision for Tax	132,000	165,000			
Proposed Dividend	138,600	165,000			
	22,34,100	**26,96,100**		**22,34,100**	**26,96,100**

Additional Information :

(1) A building has been sold out during the current year and the profit on sale has been credited to Capital Reserve Account.

(2) A plant has been sold for Rs. 33,000/-. Its depreciated value was Rs. 39,600/- and accumulated depreciation was Rs. 33,000/-.

(3) An interim dividend of Rs. 66,000/- and Tax of Rs. 1,32,000/- were paid.

(4) During the year bonus shares worth of Rs. 1,00,000/- has been issued from General Reserve and thereafter the right shares has been issued at par.

OR

4 From the following Balance Sheets and additional information of Johnson Company Limited, prepare cash flow statement. **14**

Liabilities	**31-Mar-21**	**31-Mar-22**	**Assets**	**31-Mar-21**	**31-Mar-22**
(A) Equity and Liabilities			(B) Assets		
(1) Shareholder's Funds			(1) Non-Current Assets		
(a) Share capital:			(a) Fixed Assets :		
			Goodwill	160,000	120,000
– Eq. shares			Land and Bldg.	320,000	500,000
(Rs. 10 each)	400,000	600,000	Plant and Machinery	280,000	400,000
Red. Pref. shares (Rs. 10 each - Rs. 7 paid up)	140,000	--------	(b) Non-current Inv.		
(b) Reserves and Surplus			Investments	80,000	------
			(2)Current Assets		
Share Premium	30,000	20,000	Debtors	88,000	80,000

General Reserve	160,000	100,000	Stock	60,000	100,000
Profit and Loss A/c.	70,000	150,000	Cash	20,000	22,000
			Bank	--------	80,000
(2) Non-current Lia.			Bills Receivable	20,000	20,000
Debentures	-------	2,00,000			
(3) Current Liabilities					
Creditors	100,000	120,000			
Bills Payable	40,000	-------			
Provision for Tax	48,000	60,000			
Proposed Dividend	40,000	72,000			
	10,28,000	**13,22,000**		**10,28,000**	**13,22,000**

Additional Information :

(1) Depreciation provided during the year for Building is Rs. 60,000/- and Plant and Machinery Rs. 50,000/-

(2) After fulfilment of company law provision, preference shares are redeemed at 5% premium; for the said purpose, Rs. 2,00,000/- is transferred from General Reserve to Capital Redemption Reserve.

(3) Debentures of Rs. 2,00,000/- are issued at 5% discount.

(4) The company has issued Bonus shares at 2:1 to present Equity Shareholders from Capital Redemption Reserve.

(5) Income Tax paid Rs. 50,000/- and proposed dividend of previous year is also paid.

(6) Investments are sold at a profit of 20% on Selling Price.

5 Explain the essentials of an effective responsibility accounting in detail. **14**

OR

5 Explain the types of responsibility centres in detail. **14**