



RB-1723

Second Year B. B. A. (Sem. III) Examination

April/May – 2010

Management Accounting

Time : 3 Hours]

[Total Marks : 70

Instructions :

(1)

नीचे दृष्टावेव निशानीवाणी विगतो उत्तरवडी पर अवश्य लपवी. Fillup strictly the details of signs on your answer book.	Seat No. :
Name of the Examination :	<input type="text"/>
<input type="text" value="S. Y. B. B. A. (Sem. 3)"/>	<input type="text"/>
Name of the Subject :	<input type="text"/>
<input type="text" value="Management Accounting"/>	<input type="text"/>
Subject Code No. : <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="3"/>	Section No. (1, 2,.....): <input type="text" value="Nil"/>
Student's Signature	

- (2) Question No. 1 and 6 are **compulsory**.
- (3) Figures to the **right** indicate full marks.
- (4) Show necessary calculations as part of your answer.

- 1 (a) The P/V Ratio of company is 50% and the margin of safety is 40%. Find out the break-even point and net profit if the sales volume is Rs. 50,00,000. **3**
- (b) A company has capital of Rs. 10,00,000, its turnover is 3 times the capital and the margin on sales is 6%. What is the return on investment? **3**
- (c) Define standard costing. **2**
- (d) Explain EBIT. **2**
- 2 Prepare a statement showing "sources and application of funds" after taking into account the balance sheets and additional information given below. All the calculations done by you are to be shown as part of your answer : **10**

<i>Liabilities</i>	<i>2008 Rs.</i>	<i>2009 Rs.</i>	<i>Assets</i>	<i>2008 Rs.</i>	<i>2009 Rs.</i>
Equity share capital	2,00,000	2,50,000	Goodwill	30,000	27,000
Securities Premium	10,000	15,000	Land and Building	90,000	1,40,000
General Reserve	35,000	40,000	Machinery	1,30,000	1,50,000
Profit and Loss A/c	25,000	90,000	Patents	50,000	45,000
6% Debentures	1,00,000	1,00,000	Furniture and Fixtures	15,000	13,500
Creditors	30,000	40,000	Sundry Debtors	45,000	70,000
Provision for tax	18,000	15,000	Cash and Bank	5,800	7,000
			Stock	50,000	96,000
			Debenture Discount	1,200	1,000
			Preliminary Exp.	1,000	500
	4,18,000	5,50,000		4,18,000	5,50,000

Additional Information :

- (i) Depreciation written off : Land and Buildings Rs. 9,000
Machinery Rs, 13,000, Patents Rs. 5,000, Furniture and Fixtures Rs. 1,500
- (ii) During the year machinery of Rs. 20,000 was sold at Rs. 15,000
- (iii) During the year taxes and dividend paid were Rs. 10,000 and 20,000 respectively.

OR

- 2** What are the various steps involved in responsibility accounting? Discuss its significance to the organization. **10**

- 3 The following is the balance sheet of Prem Ltd. as on 31.3.2009. Rearrange it in a form suitable for analysis and calculate the following ratios (360 days to be taken for the year). 10
- (i) Net Profit Ratio
(ii) Current Ratio
(iii) Proprietary Ratio
(iv) Debtors Ratio
(v) Working Capital turnover.

Balance Sheet as on 31.3.2009

<i>Liabilities</i>	<i>Rs.</i>	<i>Assets</i>	<i>Rs.</i>
Creditors	16,000	Cash at Bank	26,000
Bills Payable	6,000	Debtors	11,000
Debentures	1,00,000	Stock	50,000
Reserves and Profits	69,000	Bills Receivable	4,000
Paid up capital	1,00,000	Fixed Assets	2,00,000
	<u>2,91,000</u>		<u>2,91,000</u>

Sales - 2,00,000, Net Profits Rs. 40,000

OR

- 3 Amar Ltd. will start business on 1st January 2007 when it will issue 52,000 equity shares of Rs. 10 each at a premium of 30% payable in cash to finance : 10
- (a) Capital expenditure on 1.1.2009 Rs. 5,00,000 on 31.3.2009 Rs. 1,01,000 by cash payments.
- (b) Working capital for first six month on the basis of :
- (i) Sales (Gross profit being 25% of sales) will be for January and February Rs. 60,000 p.m. March Rs. 80,000, April Rs. 1,00,000 May to July Rs. 40,000 p.m.

Collection to be made on the last date of the month after that in which goods were sold. Commission at 5% is payable on collections.

(ii) On the first date of each month there should be stock to supply all sales of the following month only. Payments to be made on the last date of the month after that in which goods were purchased.

(iii) Salaries and other fixed expenses :

January to March Rs. 3,000 p.m.

April to June Rs. 5,000 p.m.

These are payable on the last date of the month.

Prepare monthwise cash budgets for 6 months ending June, 2009.

- 4 The budgeted output of a factory specialising in the production of a single product at the optimum capacity of 6,400 units per annum amounts to Rs. 1,76,048 as detailed below : 10

	<i>Rs.</i>	<i>Rs.</i>
Fixed Costs		20,688
Variable Costs :		
Power	1,440	
Repairs etc.	1,700	
Miscellaneous	540	
Direct Material	49,280	
Direct labour	1,02,400	1,55,360
<i>Total Cost</i>		<i>1,76,048</i>

The company decides to have a flexible budget with a production target of 3,200 and 4,800 units (the actual quantity proposed to be produced being left to a later date before commencement of the budget period).

Prepare a flexible budget for production levels of 50% and 75%.

Assuming, selling price per unit is maintained at Rs. 40 as at present, indicate the effect on net profit.

Administration, selling and distribution expenses at Rs. 3,600.

OR

- 4 A company manufacturing a single article sells it at Rs 10 per unit. The variable cost is Rs. 6 per unit and fixed cost is Rs. 4,000 per annum. Calculate : **10**
- (i) The P/V Ratio
 - (ii) the break-even sales
 - (iii) The margin of safety if total sales are Rs. 15,000
 - (iv) The sales required to earn a profit of Rs. 5,000
 - (v) The amount of profit when sale is Rs. 15,000
- 5 Write short notes on : (any **three**) **15**
- (i) Role of Management Accounting
 - (ii) Types of Budget
 - (iii) Profitability ratios
 - (iv) Common Size Statements
 - (v) Limitations of Financial Statements.

6 The following is the Trial Balance of Span Ltd. as on 31st March 2009 :

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<i>Particulars</i>	<i>Debit Balance (Rs)</i>	<i>Credit Balance (Rs)</i>
Equity share capital (Each of Rs. 100)	--	6,00,000
General Reserve	--	2,60,000
Debenture Redemption Fund	--	1,00,000
Debenture Redemption Fund Investments	1,00,000	--
Share Premium	--	1,30,000
Profit and Loss account (1.4.08)	--	1,50,000
10% Debentures (Repayable on 31.3.12)	--	2,00,000
Debenture Discount	20,000	--
Unclaimed Dividend	--	20,000
Building	3,00,000	--
Plant and Machinery	6,00,000	--
Furniture	1,00,000	--
Stock (1.4.2008)	1,60,000	--
10% Government loan (F.V. Rs. 2,00,000)		
Purchased on 1.10.08	1,90,000	--
Equity share of Prashant Ltd. of Rs. 100 each Rs. 50 paid up	1,00,000	--
Debtors and Creditors	2,00,000	1,80,000
Cash and Bank	18,000	78,000
Purchases and Sales	75,75,000	82,00,000
Interest on Debentures	15,000	--
Other administrative exps.	1,50,000	--
Sales and Distribution exps.	40,000	--
Salary and unpaid Salary	1,20,000	10,000
Interest on DRF Investment	--	10,000
Advance Income tax TDS (2007.08)	1,50,000	--
Advance income tax and TDS (2008-09)	3,00,000	--
Income tax provision (2007.08)	--	2,00,000
	1,01,38,000	1,01,38,000

After considering the following additional information prepare final accounts of the company for the year ended 31st March 2009 according to the provisions of the Companies Act 1956.

- (i) The closing stock is Rs. 10,00,000 valued at cost. The market value is 10% more than the cost.
- (ii) On 1.10.2008, one machine was purchased for Rs. 2,00,000.
- (iii) Provide depreciation at 10% on building and furniture and at 20% on Machinery.
- (iv) During the year income tax assessment for the accounting year 2007-08 has been completed and tax liability is determined at Rs. 2,20,000.
- (v) Provision for income tax is to be made at 43% of the net profit of the year.
- (vi) Interest on debentures is payable every year on 30th June and 31st December.
- (vii) The Board has proposed the following appropriations :
 - (a) General ReserveRs. 2,00,000
 - (b) Debenture Redemption fund Rs. 50,000
 - (c) Dividend on Equity share capital Rs. 20 per share.
