647510 **BBAmacCC6050** **Seat No :________**

B.B.A. Semester - 6 (*CBCS*) Examination

Oct/Nov-2020

MANAGEMENT ACCOUNTING (CORE)

Time: 2:00 Hours **Marks: 56**

Instructions:

1. Figure to the right indicate marks.
2. There are five questions in the question paper.
3. Answer any four of the following questions.

Q.1 Discuss the meaning and scope of management accounting. (14)

OR

Q.1 Discuss the advantages and limitations of management accounting.

Q.2 The following are the information of KKP limited: (14)

Years	Sales (in Rs.)	Profit (in Rs.)
2005	75,000	7,500
2006	90,000	10,500

From the above information calculate:

1. PV Ratio.
2. Profit, When sales are Rs. 80,000 and Rs. 30,000.
3. Sales, to earn a profit of Rs. 45,000
4. Fixed expenses
5. Break even point (in Rs.)

OR

Q.2 The management of shine Ltd. is considering the question of dropping an unprofitable product line "C". tender your advice. Following are the data (Rs. in lacs)

Particulars	Product A (Rs.)	Product B (Rs.)	Product C (Rs.)
Sales	10.00	8.00	2.00
Direct Material	2.95	3.36	0.75
Direct Labour	1.18	1.12	0.45
Variable Expenses	1.77	1.12	0.30
Fixed Expenses	3.30	1.80	0.90
Profit	0.80	0.60	-0.40

(A) In the event of discontinuance of product "C", certain supervisory staff for that product could be discharged. Their Salary would come to Rs. 20,000 which is included in fixed expenses can be saved.

(B) The management, in reconsideration, proposes to drop "C" retain their supervisory staff and increase product "A", by 2 lakhs units now at a selling price of Rs. 1 each. Give your advice.

Q.3 From the following budgeted figures, prepare a cash budget in respect of three months from 1st April to 30th June 2019. (14)

Month	Sales Rs.	Materials Rs.	Wages Rs.	Overheads Rs.
January	30,000	20,000	5,500	3,100
February	28,000	24,000	5,800	3,300
March	32,000	25,000	6,000	3,400
April	40,000	28,000	6,200	3,600
May	42,000	31,000	6,500	4,300
June	38,000	25,000	7,000	4,000

1. Estimated cash balance on 1st April 2019 is Rs. 10,000
2. Materials and overheads are paid during the month following the month of supply.
3. Wages are paid in the same month.
4. 50% of the sales are collected in the month after sales and remaining 50% are collected in the second month after sales.
5. Sales commission of 5% on sales is to be paid within the month following actual sales.
6. Preference share dividend of 10% on capital of Rs. 3,00,000 is to be paid in may, 2019.
7. Plant & Machinery to be installed in May 2019 at a cost of Rs. 10,000 will be payable in June 2019.
8. 10% Calls on equity share capital of Rs. 2,00,000 are due on 1st April and 1st June 2008.

OR

Q.3 The Standard Mix of a product “DJ” is as follows:

Material	Kgs.	Price Per Kg. (in Rs.)
A	50	5.00
B	20	4.00
C	30	10.00

The Standard Loss in production is 10% of input. There is no scrap value. Actual production of product “DJ” was 7,200 Kgs. Actual consumption of material and cost were as follows.

Material	Kgs.	Price Per Kg. (in Rs.)
A	4160	5.5
B	1680	3.75
C	2560	9.50

Calculate:

1. Material Cost Variance.
2. Material Price Variance.
3. Material Usage Variance.
4. Material Mix Variance.
5. Material Yied Variance.

Q.4 The following are the balance sheets of Ram Ltd. as on 31/03/2011 and 31/03/2012 (14)

Particulars	Note No.	31/03/2011	31/03/2012
1. Equity and Liablities			
(1) Shareholders Funds:			
(A) Share Capital:			
Equity Share Capital of Rs. 10 each		12,00,000	21,00,000
2. Reserves and Surplus:			
General Reserve		8,40,000	5,40,000
Capital Reserve		-	60,000
Profit & Loss A/C		3,60,0000	4,50,000
(2) Non-Current Liablities			
15% debentures		-	6,00,000
(3) Current Liablities			
Creditors		2,70,000	3,60,000
Bills Payable		2,40,000	1,08,000

Proposed Dividend		2,10,000	3,00.000
Provision for Taxation		2,40,000	2,76,000
Staff Pension Fund		30,000	60,000
Total		33,90,000	48,54,000
(B) Assets:			
(1) Non-Current Assets:			
(A) Fixed Assets			
Goodwill		3,00,000	2,82,000
Land & Building		12,30,000	8,40,000
Plant & Machinery		3,60,000	7,80,000
(B) Non-Current Investments			
Investments		1,20,000	3,00,000
(C) Other Non-Current Assets			
Preliminary expenses		42,000	30,000
Debenture Discount		-	36,000
(2) Current Assets:			
Stock		4,20,000	10,50,000
Debtors		4,80,000	9,48,000
Bills Receivable		78,000	2,52,000
Bank & Cash		3,60,000	3,36,000
Total		33,90,000	48,54,000

Additional information:

1. Land & Building having original cost of Rs. 4,20,000 and written down value of Rs. 3,00,000 have been sold for Rs. 4,80,000. Out of the profit on sale the capital profit has been transferred to Capital Reserve and the revenue profit has been credited to Profit & Loss Account.
2. Machinery costing Rs. 5,10,000 was purchased during the year.
3. Debentures were issued at 10% discount.
4. The company issued bonus shares to the existing shareholders by capitalizing required sum from genereal reserve in the proportion of 5:2.
5. Paid Proposed Dividend of the last year and also paid interim dividend of Rs. 72,000.
6. Paid Rs. 2,16,000 as tax for the last year.

From the above particulars, prepare cash flow statement as per accounting standard-3. Show necessary calculations as a part of your answer.

OR

Q.4 The balance sheet of Kahan Ltd. as on 31/03/08 and 31/03/09 are as follows:

Liabilities	31/03/2008	31/03/2009	Assets	31/03/2008	31/03/2009
10% Reedemable preference shares of Rs.10 each, Rs. 7 per share paid up	70,000	-	Goodwill	80,000	60,000
Equity share capital each of Rs.10 fully paid	2,00,000	3,00,000	Land & Building	1,60,000	2,50,000
Securities Premium	15,000	10,000	Plant & Machinery	1,40,000	2,00,000
General Reserve	80,000	50,000	investments	40,000	-
P&L A/C	35,000	75,000	Stock	30,000	50,000
12% Deben.	-	1,00,000	Debtors	44,000	40,000
Bank O.D	20,000	-	Bill Receivable	10,000	10,000
Creditors	50,000	60,000	Cash	10,000	11,000
Provision for	24,000	30,000	Bank Balance	-	40,000
Taxation					
Proposed Dividend	20,000	36,000			
Total	5,14,000	6,61,000		5,14,000	6,61,000

Additional information:

During the year ending 31st March 2009.

1. Investments are sold at a profit of 20% on its sales proceeds.
2. Depreciation written off on Land & Building Rs. 30,000 on Plant & Machinery Rs. 25,000.
3. The company has redeemed redeemable preference shares with 5% premium after observing necessary provisions of Companies Act. For this purpose of redemption of preference shares, the amount of Rs. 1,00,000 has been transferred from general reserve.
4. The company issued Bonus shares to the existing equity shareholders from capital Redemption Reserve in the ratio 2:1.
5. Debentures were issued at 5% discount.
6. Rs. 25,000 have been paid as tax for the last year and the amount of proposed dividend of the last year, has also been paid.

From the above information, prepare cash flow statement.

Q.5 Explain the meaning of Responsibility Accounting and its limitations. (14)

OR

Q.5 Discuss in detail responsibility centres.

****