

B.C.C.A. Sem-IV (Old)
242 - Management Accounting

P. Pages : 4

Time : Three Hours



GUG/S/19/840

Max. Marks : 80

- Notes : 1. All questions are compulsory.
2. All questions carry equal marks.

1. a) State the meaning and importance of management Accounting. **8**
b) From the following particulars prepare a monthly cash budget for the quarter ended 31st March 2005. **8**

Month	Sales	Purchase	Wages	Expenses
November	50,000	10,000	20,000	4,000
December	60,000	20,000	20,000	4,000
January	40,000	30,000	22,000	5,000
February	50,000	20,000	22,000	5,000
March	60,000	10,000	24,000	5,000

Additional information:

- 1) 10% sales and purchase are on cash and remaining on credit.
- 2) Credit to debtors- one month on an average 50% of debtors will make payment on the due date while the rest will make payment on month thereafter.
- 3) Credit from creditors - 2 months
- 4) expenses are generally paid within the month
- 5) Plant costing Rs. 10,000 will be installed in February on payment of 25% of cost in addition to the installation cost of Rs. 500. Balance to be paid in three equal monthly instalment from the following month.
- 6) Opening cash balance Rs. 20,000.

OR

- c) The following information at 50% capacity is given. Prepare a flexible budget and forecast the profit or loss at 60% and 90% capacity. **16**

Particulars	Expenses at 50% capacity
<u>Fixed Expenses</u>	
Salaries	50,000
Rent and taxes	40,000
Depreciation	60,000
Administrative expenses	70,000
<u>Variable Expenses</u>	
Materials	2,00,000
Labour	2,50,000
Others	40,000
<u>Semi variable expenses</u>	
Repairs	1,00,000
Indirect labour	1,50,000
Others	90,000

It is estimated that fixed expenses will remain constant at all capacities. Semi-variable expenses will not change between 45% and 60% capacity, will rise by 10% between 60% and 75% capacity a further increase of 5% when capacity crosses 75%

Estimated sales various level of capacity are-

Capacity	Sales (Rs.)
60%	11,00,000
70%	13,00,000
90%	15,00,000

2. a) Given 8
- Material per unit Rs. 5
 Labour per unit Rs. 6
 Variable overhead 50% of Labour
 Selling price per unit Rs. 20
 Fixed cost Rs. 30,000
- Calculate
- 1) Profit volume Ratio
 - 2) Break even point
 - 3) B.E.P if discount is allowed 5%
 - 4) Profit if sales are 20% above B.E.P.

- b) From the following information indicate the number of units to be manufactured and sold 8
 at Break-Even and to earn profit of Rs. 10,000.
- Fixed Expenses Rs. 1,00,000
 Variable Expenses per unit Rs. 10
 Selling price per unit Rs. 15
- What additional units would be necessary to increase the above profit by Rs. 5,000.

OR

- c) Given- 16
- Selling Price per unit Rs. 20
 Variable Cost per unit Rs. 12
 Fixed cost Rs. 36,000
- Calculate-
- 1) Profit volume Ratio
 - 2) Break even point
 - 3) Profit on sale of Rs. 3,20,000
 - 4) Sale to earn a profit of Rs. 18,000
 - 5) B.E.P. if the fixed cost increased by Rs. 4,000
 - 6) B.E.P. if selling price reduce by 10%
 - 7) B.E.P. if variable cost increased by 10%
 - 8) B.E.P. if selling price increased by 10%

3. a) Find out value of closing stock. 8
- Opening Stock- Rs. 50,000
 Net Profit- Rs. 75,000
 Operating Ratio - 85%
 Stock Turnover Ratio- 8 Times
 Gross Profit Ratio- 25%

- b) Financial statement of Ram Ltd. for the year 2015-16 is as follows. 8

Particulars	Rs.	Rs.
Sales		5,00,000
- Cost of goods sold		3,00,000
Gross Profit		2,00,000
- <u>Operating Expenses</u>		
Office Expenses	30,000	
Selling Expenses	<u>36,000</u>	
		<u>-66,000</u>
Net Profit		1,34,000

Calculate

- 1) Gross Profit ratio
- 2) Net Profit ratio
- 3) Operating ratio
- 4) Stock turnover ratio (Average stock = Rs. 60,000).

OR

- c) The following information is given about M/s Sudhir Ltd. for the year 2016. **16**

Stock Turnover ratio-	6 times
Gross Profit-	20% on sales
Sale for 2016-	Rs. 3,00,000
Closing stock is Rs. 10,000 more than opening stock	
Opening creditors -	20,000
Closing creditors -	30,000
Trade debtors at the end -	60,000
Net working capital -	50,000

Find out

- 1) Average Stock
- 2) Purchase
- 3) Creditor turnover ratio
- 4) Average payment period
- 5) Average collection period

4. a) From the following items of assets and liabilities, prepare showing increase and decrease in working capital. **8**

	31 st March	
	2015	2016
<u>Assets</u>		
Land and Building	1,00,000	95,000
Plant and Machinery	75,000	84,500
Stock	50,000	37,000
Debtors	40,000	32,100
Cash	250	300
Cash at Bank	-	4,000
Goodwill	-	2500
	2,65,250	2,55,400
<u>Liabilities</u>		
Share Capital	1,00,000	1,25,000
General reserve	25,000	30,000
P/L account	15,250	15,400
Bank loan (short term)	35,000	-
Creditors	75,000	67,500
Tax provision	15,000	17,500
	2,65,250	2,55,400

- b) From the following information, prepare fund flow statement. **8**

Particulars	2014 Rs.	2015 Rs.
10% Preference share capital	1,00,000	1,10,000
Equity share capital	2,20,000	2,50,000
Share premium	20,000	26,000
12% Debentures	70,000	64,000
Creditors	38,000	46,000

P/L Account	1,04,000	1,34,000
Bills Payable	5,000	4,000
Provision for taxation	10,000	12,000
Dividend Payable	7,000	8,000
	5,74,000	6,54,000
Machinery	2,00,000	2,30,000
Building	1,50,000	1,76,000
Land	18,000	18,000
Cash	42,000	32,000
Debtors	38,000	38,000
Bill Receivable	42,000	62,000
Stock on hand	84,000	98,000
	5,74,000	6,54,000

Note: - Increase in working capital = 14,000.

OR

- c) Prepare schedule of changes in working capital and fund flow statement for the year ended Dec. 2007. **16**

	2007	2006
<u>Liabilities</u>		
Creditors	35,000	50,000
Bank Loan	10,000	-
Notes Payable	35,000	20,000
Notes Payable (for 3 years)	20,000	-
Share Capital	1,25,000	1,00,000
5% Debentures	25,000	25,000
Retained Income	75,000	60,000
	3,25,000	2,55,000
<u>Assets</u>		
Cash	75,000	35,000
Debtors	90,000	98,000
Stock	1,20,000	87,000
long term investment	8,000	10,000
short term investment	2,000	5,000
Building	30,000	20,000
	3,25,000	2,55,000

Adjustment: -

- 1) Dividend paid @ 5%
- 2) Depreciation on building 10%

5. Write short answer.

- a) Write importance of budgetary control. **4**
- b) What is profit volume ratio. **4**
- c) Write the limitations of ratio analysis. **4**
- d) Explain use of fund flow statement. **4**
