PRELIMS PAPER – 2022-23 **B.B.A. SEM - 6**

SUB: MANAGEMENT ACCOUNTING **MARKS – 70**

Q. 1 Kshitij Ltd. provides you with the following information for the year ending 31-3-2022: **(20)**

Profit Volume Ratio	40%
Rate of profit on sales	20%
Cost at the present sales	Rs. 10,00,000

Calculate:

(1) Sales at Break Even Point
(2) Profit or loss at the sale of Rs. 6,00,000
(3) Sales to earn a profit of Rs. 4,00,000
(4) If the variable cost increases by 25% and selling price increases by 20%, find out the sales required to earn 50% more profit than the present profit.
(5) Margin of safety in rupees and in percentage at a profit of Rs. 1,50,000
(6) If the fixed cost reduces by 10% variable cost increases by 20% and selling price increases by 20%, find out the new Break Even Point.
(7) Sales when loss incurred in Rs. 50,000.

OR

Q.1 The following information related to Devki Company Ltd. **(20)**

Year	Sales (Rs.)	Total Cost (Rs.)
2016	40,000	43,000
2017	60,000	55,000

From the above mentioned information calculate:

(1) P/V Ratio
(2) Fixed cost and variable cost in year 2017
(3) Break even point (in repees)
(4) Probable profit on sales of Rs. 80,000
(5) Probable sales when the loss is 1,000
(6) Reduction in sales price by 20% in the year 2018 and necessary sales to earn double the profit in relation to the year 2017.

Q. 2 A company manufactures and sells three products A, B and C. Particulars of which are as under: **(20)**

Particulars	Product 'A'	Product 'B'	Product 'C'
Material	18	26	30
Labour	7	9	10
Variable Overheads	2	3	3

Fixed Overheads	5	8	9
Total Cost	**32**	**46**	**52**
Selling Price	40	60	61
Profit	**8**	**14**	**9**
Units Manufactured	4,000	2,000	5,000

Production Manager proposes to close production of B as its profit is minimum and assures that there will be 50% increase in production of A and C each.
As a Cost Accountant of the company, do you agree with the proposal? Do you think that Product B should be discontinued? Give reasons for your answer.

OR

Q. 2 Mamta Ltd. Manufatures products X,Y and Z and seeks your advice regarding production mix. You have to prepare statement relating to maximum profitable sale mix which shows. (20)
(1) Expected profit from current budgeted production mix.
(2) Profit expected from maximum profitable production mix.

Particulars	**X (Rs.)**	**Y (Rs.)**	**Z (Rs.)**
Direct material per unit	40	30	20
Direct labour per unit Dept. 1 (Rate per hour Re. 1) Dept. 2 (Rate per hour Rs. 2)	 6 12	 10 30	 5 22
Variable iverheads per unit	2	5	3
Budgeted production during current year (in Units)	5,000	6,000	10,000
Maximum sale estimate during 2018 (in units)	6,000	8,000	12,000
Selling price per unit Rs.	78	110	60

Fixed overheads during the year is Rs. 2,00,000.
Labour supply of dept.-1 is limiting factor and no addition or increase is possible in present supply.

Q. 3 The Balance Sheets of Aanshi Ltd. are given below. Prepare cash flow statement : (15)

Liabilities	31-03-'18 RS.	31-03-'19 RS.	Assets	31-03-'18 RS.	31-03-'19 RS.
Eq. Share capital (shares of Rs. 10 each	12,00,000	18,00,000	Goodwill	4,80,000	3,00,000
Pref. share Capital (share of Rs.10 each Rs. 7 paid up)	4,20,000	-	Building	9,00,000	15,00,000
			Plant and Machinery	8,40,000	12,00,000
			Investments	2,40,000	-
			Stock	1,80,000	3,00,000
Share premium	90,000	60,000	Debtor	2,64,000	2,40,000
General Reserves	4,80,000	3,00,000	Bills Receivable	60,000	60,000
P & L Account	2,10,000	4,50,000	Cash Balance	60,000	66,000
8% Debentures	-	6,00,000	Bank Balance	-	2,40,000
Sundry Creditors	3,00,000	3,60,000			
Bill payable	1,20,000	-			
Prov. For taxation	1,44,000	1,80,000			
Proposed Dividend	1,20,000	2,16,000			
	30,84,000	**39,66,000**		**30,84,000**	**39,66,000**

During the year:-

(1) Depreciation on bulding – Rs. 1,80,000 and Plant and machinery – Rs. 1,50,000.
(2) Following the provisions of the companies Act, preference shares has been redeemed at 5% premium. For the said purpose, Rs. 6,00,000 is transferred to Capital Redemption Reserve Account from General Reserve Account.
(3) Debentures have been issued worth of Rs. 6,00,000 at 5% discount.
(4) Bonus shares to equity shares is issued in the ration of 2:1 from capital redemption reserve account.
(5) Paid diividend worth Rs.1,20,000 and income tax worth of Rs. 1,50,000.
(6) Incestment has been sold in such a way so as to realize 20% profit on sales price.

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

"OR"

Q. 3 The Balance Sheets of Vatsal Ltd. On 31st Dec. 2016 and 2017 are as under : (15)

Liabilities	2017	2016	Assets	2017	2016
Equity share Capital	6,00,000	4,00,000	Land and building	4,00,000	1,75,000
Share premium	32,000	21,000	Machinery	3,55,000	2,81,000
General reserve	35,000	75,000	Patent	48,000	56,000
Profit & loss A/c	1,00,500	52,500	Furniture	28,350	31,500
12% debentures	2,10,000	1,10,000	Debtors	1,50,000	1,00,000
Creditors	84,000	63,000	Stock	80,000	1,00,000
Provision for taxes	35,000	55,000	Cash	32,650	30,500
			Debenture discount	2,500	2,500
	10,96,500	**7,76,500**		**10,96,500**	**7,76,500**

Additional Information :

(1) Depreciation written off:
On Land and Building Rs. 17,500
On Machinery Rs. 56,200
Patent Rs. 8,000 and on Furniture Rs. 3,150
(2) Machinery Rs. 81,000 was sold at Rs. 70,000 during the year.
(3) During the year, Rs. 31,000 were paid for tax and Rs. 42,000 for dividend.
(4) During the year, company has given bonus share in ratio of one bonus share to holder of four equity shares from general reserve.
New equity shares were issued at 11% premium.
(5) Debentures were issued at 3% discount.

From above mentioned information, prepare cash flow statement as per Accounting Standard No. 3. You are required to show all calculations as part of the answer.

Q.4 State advantages and limitations of responsibility accounting system. **(15)**

OR

Q. 4 Write short note: **(15)**

1. Types of Responsibility Centres.
2. Evaluation of Investment Centres as per ROI.