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No. of pages: 03

Sardar Patel University
SY BBA (ISM) SEM -IV (CBCS)
Management Account (UM04CBBS08)

25th APRIL 2016

Time: 10.30 A.M TO 12.30 P.M.

Total Marks 60

- Q:1 (a) State various functions of Management accounting in details. (08)
 Q:1 (b) Write a Note on Role of Management Accountant. (07)

OR

- Q:1 (a) Define Management Accounting and discuss its utility. (08)
 Q:1 (b) How Management accounting is differ from Financial accounting. (07)

- Q:2 (a) Define the term CVP Analysis and explain its objectives. (05)
 Q:2 (b) Arav company is currently producing & selling 1, 20,000 units. The selling price Per Unit is Rs. 100 while the variable cost Per Unit is Rs. 60. Total fixed cost is Rs. 40, 00,000. Calculate (10)

- 1) Contribution
- 2) P/V Ratio
- 3) B.E.P. (Rs. & Units)
- 4) Variable cost ratio
- 5) Margin of safety
- 6) Current profit
- 7) profit when co sales 2,00,000 units
- 8) Sales required to earn profit of Rs 10,00,000
- 9) MOS when profit is 12,00,000

OR

- Q:2 (a) Draw Break even chart and write down assumptions of CVP Analysis (08)
 Q:2 (b) The following figures are obtained from the records of Kian Ltd. (07)

Year	Sales (Rs.)	Profit (Rs.)
2015	80,000	10,000
2016	90,000	14,000

Calculate:

- 1) P/V Ratio
- 2) Fixed cost
- 3) Break-even point (Rs.)
- 4) Profit or loss at sales of Rs. 60,000
- 5) Desired sales to earn profit of Rs. 19,000

- Q:3 (a) Define the term Ratio and Discuss its utility. (08)
 Q:3 (b) Explain the classification of Ratio. (07)

OR

- Q:3 The following are the Balance sheets of Jian Ltd.:-

Liabilities	2014	2015	Assets	2014	2015
Equity Share Capital	3,00,000	4,00,000	Fixed Assets	6,20,000	7,10,000
10% Preference Share Capital	1,00,000	1,00,000	Stock	1,50,000	1,30,000
Retain earnings	1,24,000	1,10,000	Debtors	1,10,000	1,25,500

10% Debentures	2,00,000	2,00,000	Bills receivable	15,000	25,000
Creditors	1,20,000	90,000	Cash	5,000	10,000
Bills payable	26,000	40,000	Preliminary expense	20,000	10,000
Bank overdraft	50,000	70,000			
	9,20,000	10,10,000		9,20,000	10,10,000

Additional Information:

Particulars	2014	2015
Total Sales (Cash sales are 1/5 th of credit sales)	9,60,000	12,00,000
Gross profit	2,40,000	3,60,000
Net profit (before interest and tax)	1,64,000	2,60,000
Tax Rate	50%	50%
Stock as on 1-1-2014 was Rs.1,30,000		

From the above information calculate ratios and interpret them.

- (1) Gross profit ratio (2) Net profit ratio
 (3) Debtors ratio (360 days to be taken) (4) Liquid ratio
 (5) Return on capital employed (6) stock turn over

- Q:4 (a) Define the term Budget and what are the advantages of it? (05)
 Q:4 (b) Prepare a cash budget of Pari Ltd. for October to December from the following information (10)
- (1) Cash and Bank Balance on 1 – 10 – 2010 Rs. 10,000
- (2) Sales Actual and Budgeted:
- | | | | |
|-----------|------------|----------|------------|
| June | Rs. 30,000 | October | Rs. 40,000 |
| July | Rs. 32,500 | November | Rs. 41,000 |
| August | Rs. 35,000 | December | Rs. 44,500 |
| September | Rs. 37,500 | | |
- (3) Purchase Actual and Budgeted:
- | | | | |
|-----------|------------|----------|------------|
| June | Rs. 18,000 | October | Rs. 24,000 |
| July | Rs. 20,000 | November | Rs. 20,000 |
| August | Rs. 24,000 | December | Rs. 25,000 |
| September | Rs. 22,500 | | |
- (4) Wages and other expenses Actual and Budgeted
- | | | |
|-----------|-------------|----------------|
| | Wages (Rs.) | Expenses (Rs.) |
| August | 7,500 | 2,500 |
| September | 7,500 | 3,000 |
| October | 9,000 | 3,000 |
| November | 9,000 | 4,000 |
| December | 10,000 | 4,000 |
- (5) a) Advance payment of Income tax Rs.2, 500 in November. b) Purchase of plant Rs. 5,000 in October.
- (6) Rent payable in advance Rs. 150
- (7) 10% purchase and sales are on cash terms.

- (8) Time lag : Credit sales 2 months
 Credit purchase 1 month
 Wages $\frac{1}{2}$ month
 Expenses $\frac{1}{4}$ month

OR

- Q:4 (a) Briefly discuss the types of Budget (05)
 Q:4 (b) The cost of an article of Tisa Ltd. at a capacity level of 5,000 units is given as (10)
 under: A below for a variation of 20% in capacity above or below the level, the individual expenses vary as indicated under B below:

Particulars	A (Rs.)	B
Material cost	25,000	(100 % varying)
Labour cost	15,000	(100 % varying)
Power	1,250	(80 % varying)
Repairs & maintenance	2,000	(75 % varying)
Stores	1,000	(100 % varying)
Inspection	500	(20 % varying)
Depreciation	10,000	(100 % fixed)
Administrative overheads	5,000	(25 % varying)
Selling overheads	3,000	(50 % varying)
Total	62,750	

Calculate unit cost of the product at level of 4000 units and 6000 units.

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