

[1/A-4]

SARDAR PATEL UNIVERSITY
B.B.A (ISM) (IV SEMESTER) CBCS (REGULAR) EXAMINATION
2018
TUESDAY, 24TH APRIL
10:00 A.M. TO 12:00 P.M.
(UM04CBBS08) MANAGEMENT ACCOUNT

Total Marks : 60

Note :

1. Write your answer according to its weightage.
2. Figures to the rights indicate full marks of the question.

Q-1(A) What is Management Accounting? Discuss the importance of it in detail. 08

(B) Write difference between: Management Accounting and Financial Accounting. 07

OR

Q-1(A) Short note on: Management Reporting. 08

(B) Explain the Limitation of Management Accounting. 07

Q-2(A) Following is the information of Mayuri Co. Ltd. 05

Selling Price	Rs. 20
Variable Expenses	Rs. 12
Fixed Expenses	Rs. 60000

Find out:

- 1) The sales to make a loss of Rs. 4 per unit (in units).
- 2) The sales to earn a profit of Rs. 30000.

(B) Write a note on: 1. Profit Volume Ratio. 2. Margin of Safety 3. Variable Cost Ratio. 10

OR

Q-2(A) The following information is supplied in respect of Paras Ltd. 10

Production	90000 units
Variable Expenses (Per Unit)	Rs. 10
Selling Expenses (Per Unit)	Rs. 20
Fixed Expenses	Rs. 600000

Calculate:

- (1) How many units should be produced and sold to reach Break-Even Point?
- (2) If selling price per unit is reduced by 10%, then what will be the new Breakeven Point (in units)?
- (3) What sales (in units) are necessary to make a Profit of Rs. 400000?

(B) What is Break Even Point? List out Assumption of it. 05

Q-3 What is the meaning of "Ratio" and "Ratio Analyses"? And also Discuss its Advantages and Limitations. **15**

OR

Q-3 The following is the Balance Sheet of "Kirti" Ltd. as on 31-12-99. **15**

Liabilities	Rs.	Assets	Rs.
80000 fully paid Equity Shares each of Rs. 10.	8,00,000	Goodwill	2,00,000
12% fully paid Pref. Share each of Rs. 100	5,00,000	Fixed Assets	12,00,000
General Reserve	4,20,000	Investments	1,60,000
Profit and Loss Account	1,70,000	Stock	4,50,000
13.5 % Debentures	3,00,000	Cash Balance	30,000
Creditors	1,20,000	Debtors	3,36,000
Bank Overdraft	60,000	Preliminary Expenses	24,000
Outstanding Expenses	30,000		
	24,00,000		24,00,000

Details of Profit & Loss Account

Particulars	Rs.
Total Sales (75 % credit sales)	13,60,000
Less : Cost of Goods Sold	8,00,000
Gross Profit	5,60,000
Less: Depreciation and Managerial Expenses	1,80,000
Net Profit Before Deduction of Tax at 50 %	3,80,000

Stock as on 31-12-1998 = Rs. 350000

Days of year = 360 days

Calculate following Ratio: (1) Net Profit Ratio (2) Operating Ratio (3) Debtors Ratio (4) Owner Ratio (5) Debt Equity Ratio (6) Current Ratio.

Q-4(A) Define the meaning of Budget and also explain the Types of Budget. **07**

(B) Explain the Advantages and Limitation of Budgetary Control. **08**

OR

(2)

1) Sales information:

Actual	Rs.	Estimated	Rs.
June	30000	October	40000
July	32500	November	41000
August	35000	December	44500
Sept.	37500		

2) Purchase information:

Actual Rs.	Rs.	Estimated	Rs.
June	18000	October	24000
July	20000	November	20000
August	24000	December	25000
Sept.	22500		

3) Wages and Various Expenses:

Month	Wages (Rs.)	Variable Expenses (Rs.)
August (Actual)	7500	2500
Sept. (Actual)	7500	3000
Oct. (Estimated)	9000	3000
Nov. (Estimated)	9000	4000
Dec. (Estimated)	10000	4000

4) Rent Rs. 150 per month is to be paid in Advance.

5) Income Tax Rs. 2500 is to be paid during November and Rs. 5000 is to be paid for the purchase of machine in October.

6) 90% of the amount for the purchases and sales are credit.

7) Time lag:

Credit Sales	2 Months.
Credit Purchase	1 Month
Wages	½ Month (15 days)
Various Exps.	¼ Month (7 days)

8) Expected Cash Balance on 1-10-98 is Rs. 10000.

Prepare Cash Budget for three months from October to December from above information.

