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**SUBJECT CODE NO:- C-3049**  
**FACULTY OF COMMERCE & MANAGEMENT**  
**B.Com T.Y. (Sem-VI)**  
**Examination November/December- 2022**  
**Management Accounting-II**

[Time: 3:00 Hours]

[Max. Marks:80]

Please check whether you have got the right question paper.

N.B

1. Question number 01 is compulsory.
2. Attempt any four questions from remaining 2-7 questions.

**Q.1 A. Write the correct answer from given alternatives**

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- i) The use of management accounting is
  - a) Optional
  - b) Compulsory
  - c) Legally obligatory
  - d) None of these
- ii) The Production Budget based on
  - a) Cash Budget
  - b) Capital Budget
  - c) Sales Budget
  - d) None of these
- iii) The sum total of all the divisional budgets is?
  - a) Rolling budget
  - b) Master budget
  - c) Zero budget
  - d) None of these
- iv) The responsibility accounting is also called
  - a) Profitability accounting
  - b) Activity accounting
  - c) Both
  - d) None of these
- v) The responsibility accounting is the part of
  - a) Financial accounting
  - b) Management accounting
  - c) Mechanized accounting
  - d) None of these

**B. Answer in one sentence**

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- i) What is Responsibility centre?
- ii) What is cash Budget?
- iii) Write the meaning Budgetary Control
- iv) What is Zero base budget
- v) Give definition of Budget

**C. Fill in the Blanks**

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- i) The responsibility accounting is also known as ----- and ----- accounting.
- ii) The responsibility accounting is the part of ----- accounting
- iii) The responsibility centre gets more revenue from output, it is called ----- centre

- iv) Budget is prepared for ----- period
- v) Cash Budget is also known as----- budget

**D. True of False**

- i) Contribution is difference between sales and gross profit
- ii) Sale budget is Summary Budget
- iii) Excess of Current assets over current liabilities is Working Capital
- iv) Fixed budget is a budget which is designed to remain unchanged.
- v) The entire organization is divided into various responsibility centres

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Q.2 From the following information prepare Cash Budget for the month of Jan. 2022 to March 2022.

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Months	Sales (Rs)	Purchases (Rs)	Wages (Rs)	Office Expenses (Rs)	Factory Expenses (Rs)	Selling Expenses (Rs)
Nov.2021	50,000	30,000	6,000	4,000	5,000	3,000
Dec.2021	56,000	32,000	6,500	4,000	5,500	3,000
Jan.2022	60,000	35,000	7,000	4,000	6,000	3,500
Feb.2022	80,000	40,000	9,000	4,000	7,500	4,500
March.2022	90,000	40,000	9,500	4,000	8,000	4,500

**Additional Information:**

1. Opening cash balance on 1<sup>st</sup> January, 2022 was Rs. 1,25,000
2. 25% of sales are in cash, remaining 75% amounts is collected in the following month that of sales.
3. Suppliers supply goods at two months credit.
4. Wages and all other expenses are paid in the month following in which they are incurred.
5. The company pays dividend to shareholders Rs. 20,000 and bonus to workers Rs. 25,000 in March 2022.
6. Plant has been ordered and is expected to be received in February 2022. It will cost Rs.60,000 to be paid in February 2022
7. Income tax Rs. 20,000 is payable in March 2022.

Q.3 Chand and sons sells two products which are manufactured in one plant. During the year 2023, it plans to sell the following quantities of each product:

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**Sales Budget ( units)**

Particulars	Quarter I	Quarter II	Quarter III	Quarter IV	Total
Product (1)	90,000	2,30,000	3,00,000	80,000	7,00,000
Product (2)	85,000	75,000	55,000	85,000	3,00,000

1. Chand and sons plan to sell product 1 throughout the year at a price of Rs. 10 a unit and product 2 at price of 20 a unit.
2. A study of past experiences reveals that Chand and sons has lost about 3% of its billed revenue each year because of returns i.e. 2% loss of revenue, and 1% loss of allowances and bad debts

Prepare a sales budget incorporating the given information

Q.4 The following is the particulars of X Ltd for the year ended 31<sup>st</sup> March 2021 with previous year. 15

	March 2021	March 2020
Share Capital	250000	250000
General Reserve	50000	50000
P&L A/c	45000	35000
Creditors	23000	50000
Fixed Assets	180000	200000
Plant & machinery	90000	100000
Stock	38000	40000
Debtors	20000	25000
Cash At bank	40000	20000
Sales	100000	80000
Cost of Goods Sold	60000	49600
Administration Expenses	5000	4400
Selling & distribution Expenses	7000	6000
Advertising	2000	2000
Income From Investment	1200	1200

You are required to prepare Master budget Budgeted P&L A/c and Budgeted Balance Sheet of X Ltd as on 31st March 2021

Q.5 Bright company is considering proposal to install a new machines. The cost of Machine-A is Rs.500000 and Machine-B is 600000. The cash inflow is as under 15

Year	Machine - A	Machine – B
I	140000	90000
II	160000	180000
III	210000	240000
IV	150000	250000
V	100000	280000

The present value of Rs.1 at 10% discount rate is as follows

Year	Rs.
I	0.909
II	0.826
III	0.751
IV	0.683
V	0.621

You are required to compute Net present value (NPV) at a discount rate of 10% for both these alternative models

Q.6 What is Responsibility Accounting? Write in details the Responsibility Centres.

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Q.7 Write Short Note on any Three (05 each)

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- 1) Profit Centre
- 2) Budgetary Control
- 3) Zero Base Budgeting
- 4) Methods of Capital Budgeting