



UA-3527
B. B. A. (Sem. III) Examination
March/April – 2012
Management Accounting
(New Course)

Time : 3 Hours]

[Total Marks : 70

Instructions :

(1)

<p>નીચે દર્શાવેલ નિશાનીવાળી વિગતો ઉત્તરવહી પર અવશ્ય લખવી. Fillup strictly the details of signs on your answer book.</p> <p>Name of the Examination : B. B. A. (Sem. 3)</p> <p>Name of the Subject : Management Accounting (New)</p> <p>Subject Code No. : 3 5 2 7 Section No. (1, 2,.....) : Nil</p>	<p>Seat No. : □ □ □ □ □ □</p> <div style="border: 1px solid black; border-radius: 15px; padding: 10px; text-align: center; margin-top: 10px;">Student's Signature</div>
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- (2) Question No. 1 and No. 6 is **compulsory**.
- (3) Figures to the **right** indicate total marks for the question.
- (4) Show **necessary** calculations as part of your answer.
- 1 (a) From the following details, find out Stock Turnover Ratio : 3
- Opening stock Rs. 1,00,000
- Closing stock Rs. 1,20,000
- Cost of sales Rs. 3,30,000
- Gross profit Rs. 2,00,000
- (b) From the following information calculate funds from operations on 31-3-11 : 3
- | <i>Particulars</i> | <i>31-3-10</i> | <i>31-3-11</i> |
|----------------------------------|----------------|----------------|
| General reserve | 78,000 | 89,000 |
| Goodwill | 34,000 | 23,000 |
| Preliminary expenses | 12,000 | 3,000 |
| Depreciation fund | 33,000 | 44,000 |
| Bad debts reserve | 2,000 | 3,000 |
| Cr. Balance of P and L A/c. | 1,23,000 | 1,36,000 |
- (c) What is Relative cost ? 2
- (d) What is variance ? 2

2 The details of Rama Ltd. is as under :

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	<i>Rs.</i>
Opening stock.....	6,50,000
Sales (40% cash sales)	30,00,000
Cost of sales	<u>15,00,000</u>
Gross profit	15,00,000
Office expenses	2,50,000
Selling expenses.....	<u>2,50,000</u>
Profit before tax	<u>10,00,000</u>
Taxes	<u>5,00,000</u>
Net profit	<u>5,00,000</u>
Number of days in a year	360

Balance sheet as on 31-3-11

<i>Liabilities</i>	<i>Rs.</i>	<i>Assets</i>	<i>Rs.</i>
Equity share capital	40,00,000	Fixed assets	90,00,000
10% Preference share capital	40,00,000	Stock	3,50,000
Reserves	22,00,000	Debtors	7,00,000
10% Debentures	20,00,000	Bills receivable	1,00,000
Creditors	2,00,000	Cash	4,50,000
Bank o/d.	3,00,000	Fictitious assets	22,00,000
Bills payable	90,000		
Outstanding expenses	10,000		
	<u>1,28,00,000</u>		<u>1,28,00,000</u>

Calculate the following ratios :

- | | |
|-------------------------|--------------------------------------|
| (i) Gross Profit Ratio | (ii) Stock Turnover Ratio |
| (iii) Operating Ratio | (iv) Current Ratio |
| (v) Debtors Ratio | (vi) Creditors Ratio |
| (vii) Proprietary Ratio | (viii) Return on Shareholders Funds. |

OR

2 A Company produces a single product from a single material. It operates a standard cost system and following information is given :

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<i>Particulars</i>	<i>Budget</i>	<i>Actual</i>
Output (Units)	8,000	6,000
Materials :		
Total Quantity (Kg.)	16,000	13,000
Total Amount (Rs.)	32,000	27,300
Labour :		
Total Hours	2,400	2,000
Total Amount (Rs.)	3,000	3,000

Compute the following variance :

- (i) Material Price Variance
- (ii) Material Usage Variance
- (iii) Labour Rate Variance
- (iv) Labour Efficiency Variance.

- 3 Following are the Balance Sheets of New Age Co. Ltd. 12
as on 31st March :

<i>Liabilities</i>	<i>31-3-10 Rs.</i>	<i>31-3-11 Rs.</i>	<i>Assets</i>	<i>31-3-10 Rs.</i>	<i>31-3-11 Rs.</i>
Equity share capital (share of Rs. 10 each)	2,00,000	3,00,000	Fixed assets	2,60,000	4,46,000
General Reserve	1,20,000	40,000	Investments	30,000	24,000
Profit & loss A/c.	20,000	24,000	Stock	20,000	30,000
10% Debentures	—	1,00,000	Sundry debtors	1,10,000	70,000
Sundry creditors	90,000	1,02,000	Cash and bank	24,000	18,000
Provision for tax	30,000	34,000	Preliminary expenses	16,000	12,000
	4,60,000	6,00,000		4,60,000	6,00,000

Additional Information :

- (i) Income Tax of Rs. 28,000 was paid during the year.
- (ii) Interim dividend of Rs. 18,000 was paid during the year.
- (iii) Depreciation of Rs. 10,000 was provided on fixed assets.
- (iv) Investments costing Rs. 10,000 were sold at a profit of Rs. 2,000 and profit was credited to Profit and Loss Account.

From the above information, prepare statement of sources and application of funds and a statement of changes in working capital.

OR

- 3 Explain the difference between Management Accounting, 12
Financial Accounting and Cost Accounting.
- 4 Prepare a Flexible Budget at 80% and 100% production 12
capacity from the following information of ABC Ltd. for three months ending on 31st March, 2010 :

Amount (Rs.)

Fixed Expenses :

Salaries.....	63,000
Rent and taxes	42,000
Depreciation on machinery	52,500
Office expenses	66,750
	2,24,250

Semi-Variable Expenses :

(at 50% capacity)

Plant maintenance.....	18,750
Indirect labour	74,250
Salesmen's salaries and expenses	21,750
Sundry expenses	19,500
	1,34,250

Variable Expenses :

(at 50% capacity)

Material	1,80,000
Labour	1,92,000
Salesmen's commission	28,500
	4,00,500

Semivariable expenses remain constant between 40% and 70% capacity, increase by 10% between 70% and 85% capacity and increase by 15% between 85% and 100% capacity. Sales at 80% capacity are Rs. 10,20,000 and at 100% capacity Rs. 12,75,000.

OR

- 4 From the following data calculate : 12
- (a) Break Even Point in units and rupees.
- (b) Profit when sales are :
- (i) Rs. 1,00,000
- (ii) Rs. 80,000.
- (c) Sales when it is desired to earn a profit of Rs. 30,000.
The data given is as follows :
- Fixed cost Rs. 40,000
- Variable cost Rs. 2 per unit
- Selling price Rs. 10 per unit.
- 5 Write short notes on the following : (any **three**) 12
- (i) Common Size Statement and Trend Percentage
- (ii) Significance of Budgetary Control
- (iii) Make or Buy Decision by use of Differential Cost Analysis
- (iv) Break Even Analysis with one key factor
- (v) Limitations of Ratio Analysis.
- 6 A company is presently evaluating two possible processes 12
for the manufacture of a product and makes available to you the following information :
- | | <i>Process-A</i> | <i>Process-B</i> |
|---|------------------|------------------|
| Variable cost per unit..... | 12 | 14 |
| Sales price per unit | 20 | 20 |
| Total fixed costs per year | 30,00,000 | 21,00,000 |
| Capacity (in units)..... | 4,30,000 | 5,00,000 |
| Anticipated sales
(next two years, in units) | 4,00,000 | 4,00,000 |
- From the above information find out :
- (i) Which process should be chosen ?
- (ii) If the capacities of the processes were 6,00,000 units and 5,00,000 units respectively for process A and process B, which process should be chosen ?