



K-0687

Third Year B. Com. (Honours) Examination
October/November – 2012
Management Accounting

Time : Hours]

[Total Marks : 70

Instructions :

(1)

नीचे दर्शायेव निशानीवाणी विगतो उत्तरवही पर अवश्य कर्जवी. Fillup strictly the details of signs on your answer book.	Seat No. :
Name of the Examination :	<input type="text"/>
T. Y. B. COM. (HONOURS)	<input type="text"/>
Name of the Subject :	<input type="text"/>
Management Accounting	<input type="text"/>
Subject Code No. : <input type="text"/> 0 <input type="text"/> 6 <input type="text"/> 8 <input type="text"/> 7	<input type="text"/>
Section No. (1, 2,.....): <input type="text"/> Nil	<input type="text"/>
	Student's Signature

- (2) All questions are compulsory.
(3) Show all necessary working.

- 1 (a) A company sells its product at Rs. 15 per unit. 2
In a period if it produces and sells 8000 units it incurs a loss Rs. 5 per unit. If the volume is raised to Rs. 20,000 units, its earn a profit of Rs. 4 per unit.
Calculate break even point in terms of rupees as well as unit.
- (b) Current ratio 2.5 2
Liquid test ratio 1.75
Stock Rs. 1,50,000
Calculate networking capital.
- (c) During the current year A Ltd. showed a profit of 6
Rs. 1,80,000 on a sales of Rs. 30,00,000. The variable expenses were Rs. 21,00,000. You are require to workout :
- (i) The break even sales at present.
(ii) The break even sales if variable cost increase by 5%.
(iii) The break even sales to maintain the profit as at present if the selling price is reduce by 5%.

- 2 The balance of Raman Ltd., as on 31st March 2011 as under : 10

Particulars	Amount (Rs.)
Equity share capital Rs. 10 each	5,00,000
12% preference share capital	2,00,000
13% debentures	5,00,000
Land-building	4,00,000
Machinery	3,00,000
Furniture	2,00,000
P and L A/c.	2,50,000
Creditors	2,00,000
Bills payables	50,000
Bank overdraft	50,000
Provision of incometax	2,50,000
Stock (31-3-2011)	7,50,000
Sundry debtors (31-3-2011)	1,50,000
Bills receivable	1,50,000
Cash and bank balance	50,000
Stock (1-4-10)	5,00,000
Total sales	27,50,000
Operating expenses	7,50,000
Profit before tax	9,25,000
Debtors (1-4-10)	4,00,000
Total purchase	10,00,000
Interest on debentures	65,000
Income tax paid	4,75,000
Number of days in a year	365

Calculate :

- (i) Current ratio
- (ii) Net profit ratio
- (iii) Debtors turnover and collection period ratio
- (iv) Stock turnover ratio
- (v) Creditors turnover ratio

3 The balance sheet of Sahil Ltd. as on 31-3-2010 and **12**
31-3-2011 are as follows :

Liabilities	31-3-10	31-3-11	Assets	31-3-10	31-3-11
	Rs.	Rs.		Rs.	Rs.
10% red. pref. share of Rs. 10 each Rs. 7.50 paid up	90,000	-	Goodwill	1,60,000	80,000
Equity share of Rs. 10 each fully paid up	2,40,000	4,00,000	Land and building	1,50,000	2,00,000
Share premium	20,000	8,000	Machineries	1,20,000	2,50,000
General reserve	1,00,000	90,000	Investment	60,000	-
P and L A/c.	40,000	87,000	Stock	40,000	70,000
15% debentures	-	1,00,000	Debtors	80,000	50,000
Bank overdraft	50,000	-	Bills receivable	20,000	30,000
Creditors	60,000	35,000	Cash	20,000	30,000
Provision for taxation	25,000	30,000	Bank balance	-	90,000
Proposed dividend	25,000	50,000			
	6,50,000	8,00,000		6,50,000	8,00,000

Additional information :

During the year ending 31-3-2011.

- (i) Investment are sold at 25% profit on sales proceeds.
 - (ii) Depreciation written off :
 - On land and building Rs. 25,000
 - On machinery Rs. 20,000
 - (iii) Company has redeemed preference share at 10% premium after complying with necessary requirement of Act. For this purpose the amount of Rs. 1,20,000 has been transferred from general reserve to capital redemption reserve A/c.
 - (iv) The company has issued bonus share to the exiting equity share holders from capital redemption reserve in the proportion 2:1.
 - (v) Debenture were issued at 4% discount.
 - (vi) Rs. 30,000 have been paid as tax for the last year.
- From the above information, prepare fund flow statement with necessary related statement and necessary account.

4 Following are the balance sheet of Hira Ltd. as on 31st March 2010 and 2011. 10

Liabilities	31-3-10	31-3-11	Assets	31-3-10	31-3-11
	Rs.	Rs.		Rs.	Rs.
Equity share capital of Rs. 10 each	1,00,000	1,50,000	Net fixed assets	1,30,000	2,23,000
General reserve	60,000	20,000	Investment	15,000	12,000
P and L A/c.	10,000	12,000	Stock	10,000	15,000
10% debenture	-	50,000	Sundry debtors	55,000	35,000
Sundry creditors	45,000	51,000	Cash and bank	12,000	9,000
Provision for taxation	15,000	17,000	Preliminary expenses	8,000	6,000
	2,30,000	3,00,000		2,30,000	3,00,000

Additional information :

- (i) On 1-4-10 bonus shares at one share for every two share were issued by capitalizing general reserve.
- (ii) Income tax Rs. 14,000 paid during the year.
- (iii) Interim dividend of Rs. 9,000 paid during the year.
- (iv) Depreciation Rs. 5,000 was provided on fixed assets.
- (v) Investments costing Rs. 5,000 were sold at a profit of Rs. 1,000 which profit credit to P and L A/c.

Prepare cash flow statement as per accounting standard No. 3.

- 5 The following data are available in a BPL company for a year by period. 10

Particulars	Rs. (Lakhs)
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Fix expenses :

Wages and salaries	9.5
Rent. rates and taxes	6.6
Depreciation	7.4
Sundry administrative	6.5

Semi variable expenses (at 50% capacity)

Maintenance and repairs	3.5
Indirect labour	7.9
Sales department salaries	3.8
Sundry administrative expenses	2.8

Variable expenses : (at 50% capacity)

Material	21.7
Labour	20.4
Other expenses	7.9

98.0

Assume that the fixed expenses remain constant for all level of production, semi variable expenses remain constant between 45% and 65%, semi variable expenses increase by 10% between 65% and 80% capacity and by 20% between 80% and 100% capacity.

Sales of various levels are Rs. (Lakhs)

50% capacity	100
60% capacity	120
75% capacity	150
90% capacity	180
100% capacity	200

Prepare flexible budget for the year and forecast profit at 60%, 75%, 90% and 100% of capacity.

- 6** In a factory, the standard production during April 2011 was fixed at 180 kgs. for which standard cost was as follows : **10**

Material O :	120 kg. per Rs. 10	Rs. 1,200
Material P :	<u>80</u> kg. per Rs. 50	Rs. <u>4,000</u>
	200 kg.	Rs. 5,200
Less : 10% loss	<u>20</u>	
	180 kg production	Rs. 5,200

Detail about actual production were as follows :

Material O :	130 kg. per Rs. 12	Rs. 1,560
Material P :	<u>70</u> kg. per Rs. 50	Rs. <u>3,500</u>
	200 kg. production	Rs. 5,060
Less : loss	<u>30</u> kg.	
	170 kg production	Rs. 5,060

Calculate material variance.

7 Write short notes on : (any **two**)

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- (i) Tools and techniques of management accounting
 - (ii) Responsibility accounting
 - (iii) Limitation of financial statements.
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