



UA-0687

Third Year B. Com. (Hon.) Examination
February/March – 2012
Management Accounting

Time : Hours]

[Total Marks : 70

Instructions :

(1)

નીચે દર્શાવેલ નિશાનીવાળી વિગતો ઉત્તરવહી પર અવશ્ય લખવી.
Fillup strictly the details of signs on your answer book.

Name of the Examination :
Third Year B. Com. (Hon.)

Name of the Subject :
Management Accounting

Subject Code No. : **0 6 8 7** Section No. (1, 2,.....): **NIL**

Seat No. :
[] [] [] [] [] []

Student's Signature

(2) All question are **compulsory**.

(3) Show all necessary working.

1 (a) An analysis of P. Co. Ltd. is as under : 3

Cost of elements	Variable cost (% of sales) Rs.	Fixed cost Rs.
Direct materials	25.5	—
Direct labour	35.0	—
Factory overheads	12.4	190000
Administrative overheads	1.1	65000
Distribution overheads	6.6	75000

Budgeted sales for the next year are Rs. 25,00,000.

Find out the break even sales volume and sales to earn profit of Rs. 70,000.

(b) Current ratio 2.18 : 1 3

Liquid ratio 2 : 1

Current assets include stock of Rs. 9,900. There is no bank overdraft in current liabilities.

Find out liquid assets and working capital.

- (c) From the following details of K. Co. Ltd. calculate the cash in flow from operation activities for the year 2010-2011 :

Net profit during the year Rs. 1,00,000.

	<i>31-3-10</i> <i>Rs.</i>	<i>31-3-11</i> <i>Rs.</i>
Debtors	50,000	40,000
Creditors	25,000	30,000
Bills receivable	10,000	11,000
Bills payable	8,000	5,000
Outstanding expenses	1,500	2,500
Accrued incomes	2,500	3,000
Stock	35,000	45,000

- 2 From the following statement of financial position of JNK Ltd. as at 31st March, 2011 calculate the following accounting ratios :

The balance sheet of JNK Co. Ltd.

<i>Liabilities</i>	<i>Rs.</i>	<i>Assets</i>	<i>Rs.</i>
Equity share capital 40,000 equity share of Rs. 100 each fully paid up	40,00,000	Fixed assets	61,00,000
10% preference share capital 10,000 shares of Rs. 100 each fully paid up	10,00,000	Closing stock	6,50,000
General reserve	5,00,000	Debtors	8,00,000
P.&L. A/c.	9,00,000	Bills receivable	1,50,000
10% Debentures	10,00,000	Cash and Bank	2,00,000
Bank overdraft	1,00,000	Fictitious assets	1,00,000
Creditors	4,00,000		
Outstanding expenses	1,00,000		
	80,00,000		80,00,000

<i>Additional informations :</i>	<i>Rs.</i>
(1) Sales.....	61,50,000
(2) Purchases	45,00,000
(3) Average stock	4,50,000
(4) Administrative, selling and financial expenses	5,00,000
(5) Rate of tax.....	40%
(6) Working days.....	360 days

Calculate :

- (1) Gross profit ratio
- (2) Current ratio
- (3) Debtors ratio
- (4) Stock turnover.
- (5) Net profit ratio

- 3 The following are the balance sheet of Premal Co. Ltd. 12
as on 31-3-2010 and 31-3-2011 :

Balance sheet

<i>Liabilities</i>	<i>31-3-10 Rs.</i>	<i>31-3-11 Rs.</i>
Equity share capital (Rs. 100)	3,00,000	4,50,000
10% Redeemable pref. share of Rs. 100 each Rs. 80 paid up	1,60,000	16,000
General reserve	72,000	1,00,000
Capital reserve	20,000	80,000
Capital redemption reserve	-	80,000
Profit and loss A/c.	80,000	1,20,000
15% Debentures	-	1,00,000
Secured loan	70,000	20,000
Current liabilities	80,000	1,10,000
Provision for taxation	32,000	44,000
	8,14,000	11,20,000

<i>Assets</i>	<i>31-3-10 Rs.</i>	<i>31-3-11 Rs.</i>
Goodwill	50,000	40,000
Land-building	2,39,000	3,18,000
Furniture	1,20,000	1,60,000
Machineries	2,00,000	2,96,000
Current assets	1,60,000	2,60,000
Preliminary expenses	35,000	28,000
Discount on Debenture	10,000	18,000
	8,14,000	11,20,000

Additional Informations :

- (1) During the year one bonus share for every six equity share were distributed from the general reserve.
- (2) It was determined to redeem the pref. shares at 10% premium; calls in arrears on these shares were called up for this purpose but the money were received except 200 shares. For this purpose equity shares were issued and necessary amount was utilized from profit and Loss A/c.
- (3) The liabilities of previous year taxation was fixed at Rs. 28,000 and was paid. The surplus of provision of taxation was taken to general reserve.
- (4) One piece of land costing Rs. 1,00,000 was sold and the profit of which was credited to capital reserve. No amount was transferred to capital reserve except this amount.
- (5) Goodwill was written off against the general reserve.
- (6) During the year debentures were issued at 10% discount.
- (7) One machinery costing Rs. 40,000 on which depreciation of Rs. 12,000 was written off was sold for Rs. 24,000.
- (8) 10% dividend on equity share of previous year was declared in the current year.
- (9) During the year a new machine, of Rs. 1,90,000 was purchased.

Prepare :

- (1) Statement showing changes in working capital and.
- (2) Statement showing sources and application of fund.

4 The following are the balance sheets of Kailas Ltd. for two 10 years 2010 and 2011 :

<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 shares of Rs. 10 each	12,00,000	21,00,000	Goodwill	3,00,000	2,82,000
General reserve	8,40,000	5,40,000	Land-building	12,30,000	8,40,000
Capital reserve	-	60,000	Plant-		
P & L A/c.	3,60,000	4,50,000	Machinery	3,60,000	7,80,000
15% Debentures	-	6,00,000	Investment	1,20,000	3,00,000
Creditors	2,70,000	3,60,000	Stock	4,20,000	10,50,000
Bills payable	2,40,000	1,08,000	Debtors	4,80,000	9,48,000
Proposed dividend	2,10,000	3,00,000	Bills receivable	78,000	2,52,000
Provision for taxation	2,40,000	2,76,000	Cash-bank	3,60,000	3,36,000
Staff pension fund	30,000	60,000	Preliminary exp.	42,000	30,000
			Debenture discount	-	36,000
	33,90,000	48,54,000		33,90,000	48,54,000

Additional information during the year 2010-11 :

- (1) Land-building having original cost of Rs. 4,20,000 and written down value Rs. 3,00,000 have been sold for Rs. 4,80,000. Out of the profit on sale the capital profit has been transferred to capital reserve and the revenue profit has been credited to Profit and Loss A/c.
- (2) Machinery costing Rs. 5,10,000 was purchased during the year.
- (3) Debenture were issued at 10% discount.
- (4) The company issued bonus shares to the existing share holders by capitalising required sum from general reserve in the proportion of 5:2.

- (5) Prepaid proposed dividend of the last year and also paid interim dividend of Rs. 72,000.
- (6) Paid Rs. 2,16,000 as tax for the last year.

From the above particulars prepare cash flow statement as per accounting standard No. 3.

5 Mira Ltd. Provides the following information : 10

<i>Production capacity</i>	<i>80% Rs.</i>	<i>60% Rs.</i>
Direct materials	1,00,000	75,000
Direct labour	90,000	67,500
Direct expense	80,000	60,000
Manufacturing expenses	2,00,000	1,92,500
Administrative expenses	2,00,000	1,90,000
Selling expenses	2,00,000	1,87,500
Sales	10,00,000	7,50,000

Prepare a flexible budget at 50% and 90% capacity and find out profit or loss at 50% and 90% capacity.

6 The standard mix of product 'M' is as follows : 10

<i>Material</i>	<i>Kgs.</i>	<i>Price per kgs. Rs.</i>
A	50	5=00
B	20	4=00
C	30	10=00

The standard loss in production is 10% of the input. There is no scrap value.

Actual production of product 'M' was 7,200 kgs.

Actual consumption of material and cost were as follows :

<i>Material</i>	<i>Kgs.</i>	<i>Price per kgs. Rs.</i>
A	4160	5.50
B	1680	3.75
C	2560	9.50

You are required to calculate the following variances :

- (i) Material cost variance
- (ii) Material price variance
- (iii) Material usage variance
- (iv) Material mix variance
- (v) Material yield variance.

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

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- (i) Functions of management Accounting
 - (ii) Advantages of ratio analysis
 - (iii) Limitation of standard costing.
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