B.C.C.A. (with Credits)-Regular-Semester 2012 Sem IV

242 - Management Accounting

P. Pages : 4 **GUG/W/16/5138**

Time : Three Hours Max. Marks : 80

* 0 2 3 4 *

Notes : 1. All questions are compulsory.
2. All questions carry equal marks.

1. a) State the meaning of management Accounting and write its objectives. **8**

b) Amit Co. Ltd. wants to approach the bankers for temporary overdraft facility for the period from 1st Oct. 2010 to 31st Dec. 2010. During the period of these three months. The firm will be manufacturing mostly for stock. You are required to prepare a cash budget for the above period from the following data indicating the overdraft facility required by the firm at the end of each month. **8**

Month	Sales Rs	Purchase Rs	Wages Rs
August	3,60,000	2,49,600	24,000
September	3,84,000	2,88,000	28,000
October	2,16,000	4,86,000	22,000
November	3,48,000	4,92,000	20,000
December	2,52,000	5,36,000	30,000

Additional information:

1) 50% credit sales are realised in month following the sale and remaining 50% in the next month following.
2) Creditors are paid in the month following the month of purchase.
3) Estimated cash at bank as on 1st October 2010. Rs. 50,000.

OR

c) The following information relates to the production activity of a company for three months ended 31st March 2014 for 50% capacity utilisation. Prepare a flexible budget at 60%, 80% and 100% capacity utilisation. **16**

	Rs
Fixed Expenses	
Managers salaries	1,05,000
Rent and taxes	70,000
Depreciation	87,500
Sundry office expenses	1,11,250
Semi variable expenses (at 50% capacity)	
Plant maintenance	31,250
Indirect labour	1,23,750
Salesman's salaries	36,250
Sundry expenses	32,500
Variable expenses (at 50% capacity)	
Material	3,00,000
Labour	3,20,000
Salesman's Commission	47,500

It is further noted that semi-variable expenses remain constant between 40% and 70% capacity, increase by 10% at the above figures between 70% and 85% capacity and increase by 15% of the above figures between 85% and 100% capacity.

Fixed expenses remain constant whatever the level of activity may be. Sales at 60% capacity are Rs 12,75,000 at 80% capacity at Rs 17,00,000 and at 100% Rs 21,25,000. Assume that all item produced are sold.

2. a) The following data are obtained from the records of Amol Company Ltd. **8**

Sales – Rs. 1,00,000

Variable cost – 60% of sales

Fixed cost – 20% of sales

Calculate –

1) Break Even point. 2) Profit volume Ratio.

3) Required sales to earn a profit of Rs. 60,000. 4) Profit from the sales of Rs. 1,60,000.

b) Following is the information of Vinod industries. **8**

			Rs
Sales			4,80,000
-	Fixed cost	1,17,000	
	Variable cost	2,28,000	-4,05,000
	Profit		75,000

Industry wants to invest in plant by this fixed cost will increase by Rs. 48,000 calculate by increased investment present sales of Rs. 4,80,000 will increase to Rs. 6,90,000. Variable cost will be always 60% of sales. Calculate

1) Break-Even point. 2) After investment B.E.P

3) After investment, sales required to earn a profit of Rs. 1,00,000.

4) Margin of safety at Rs. 6,90,000.

OR

c) Given **16**

Selling price per unit	Rs. 30
variable cost per unit	Rs. 18
Fixed cost	Rs. 36,000

Calculate:

1) Break Even point 2) B.E.P. if fixed cost increased by Rs. 4,000

3) B.E.P. if selling price reduced by 10% 4) B.E.P. if variable cost increased by 10%,

5) B.E.P. if selling price increased by 10% variable cost increased by 25% and fixed cost increased by 10%.

3. a) Calculate Debtors Turnover Ratio and Average collection period from the following details. **8**

Opening balance of Debtors Rs. 10,000

Credit sales during the year Rs. 20,000

Sales Return Rs. 1,000

Discount on sales Rs. 50

Cash collected from debtors during the year Rs. 5,000

Bad debt Rs. 500

Bad debt provision at 10%.

b) Following information is available from the books of Rohit and Company. **8**

Particulars	31-03-2008 Rs	31-03-2009 Rs
Opening stock	55,000	45,000
Closing stock	45,000	50,000
Purchase	2,04,000	2,23,000
Sales	3,54,000	3,65,000
Manufacturing exp	37,000	39,000
Debtors	46,000	39,000
Creditors	18,000	21,000
Bank overdraft	-	3,500
Balance at Bank	6,500	-
Cash at hand	500	400

Calculate for both years.

1) Stock Turn over Ratio. 2) Acid Test Ratio.

OR

c) The following information taken from the financial records of Indrajeet Co. Ltd. for the year ended 31st March 2005. **16**

Particulars	Rs
Sales	6,00,000
Opening stock	1,42,500
Purchase	3,90,000
Closing stock	1,27,500
Administrative expenses	90,000
selling expenses	60,000
Distribution expenses	15,000
Profit on sale of fixed assets	11,250
Loss on sale of investment	3,750
Current Assets	2,32,500
Fixed Assets	2,40,000
Current liabilities	1,12,500

Re-arrange the figures in suitable forms for analysis and calculate following ratio.

1) Operating Ratio. 2) Gross profit Ratio.

3) Net profit Ratio. 4) Operating Net profit Ratio.

4. a) From the following items of assets and liabilities, prepare statement of changes in working capital. **8**

Assets	31-03-2014 Rs	31-03-2015 Rs
Land and Building	1,00,000	1,00,000
Machinery	20,000	20,000
Furniture	40,000	50,000
Debtors	40,000	30,000
Bills Receivable	90,000	70,000
Prepaid expenses	20,000	15,000
Stock	20,000	40,000
Work in progress	12,000	50,000
Liabilities		
Share capital	1,00,000	1,00,000
Debenture	50,000	60,000
Reserve and surplus	30,000	40,000
Trade creditors	70,000	55,000
Bills payable	20,000	25,000
Accrued expenses	10,000	7,000
Provision for taxation	22,000	18,000
Short term loan	40,000	70,000

b) The comparative balance sheet of Amit Company Ltd. as on 31st March 2013 and 31st March 2014 were as follows. **8**

Liabilities	31-03-2013 Rs	31-03-2014 Rs
Capital	45,000	50,000
Loan of Mortgage	40,000	40,000
Sinking fund	12,000	16,000
Accounts payable	7,500	10,000
Bills payable	18,000	15,000
Provision for bad debts	1,425	1,350

Retained earning	16,275	13,950
Accumutated Depreciation		
Building	9,000	12,000
Furniture	2,400	3,200
	1,51,600	1,61,500
Assets		
Cash	8,500	11,200
Account Receivable	23,500	21,300
Stock	30,600	35,000
Sinking fund Investment	12,000	16,000
Land	10,000	10,000
Building	60,000	60,000
Furniture	7,000	8,000
	1,51,600	1,61,500

Additional information:

1) Net profit for the year 2014 amounted Rs. 6675
2) Dividend paid Rs. 5,000 during the year prepare statement of changes in working capital.

OR

c) Prepare schedule of changes in working capital and fund flow statement for the year ended 31st March 2012. **16**

Liabilities	2012 Rs	2011 Rs
Creditors	35,000	50,000
Bank loan	10,000	-
Notes payable	35,000	20,000
Notes payable		
(For 10 years)	20,000	-
Share capital	1,25,000	1,00,000
5% Debentures	25,000	25,000
Retained income	75,000	60,000
	3,25,000	2,55,000
Assets		
Cash	75,000	35,000
Debtors	90,000	98,000
Long term Investment	8,000	10,000
Stock	1,20,000	87,000
Short term Investment	2,000	5,000
Land and Building	30,000	20,000
	3,25,000	2,55,000

Adjustment

1) Divident paid @ 5%. 2) Depreciation on land 10%.

5. Write short answer.

a) What are the various types of budget? **4**

b) What do you mean by Break-Even Analysis. **4**

c) Write the limitations of ratio analysis. **4**

d) Explain the factors effecting working capital. **4**

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