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AN-7655

Seat No. ________

Third Year B. B. A. Examination
March / April – 2016
Management Accountancy
(Old Course)

Time : **3** Hours] [Total Marks : **100**

Instructions : (1) Show working as a part of your answer.
(2) Figures to the right side indicates full marks of the question.
(3) Answer all the questions to the points.

1 (1) XYZ Company Ltd. has given the following particulars. You are required to prepare a cash budget for three months ending 31^{st} December 2015. **20**

Months	Sales	Materials	Wages	Overheads
August	40,000	20,400	7,600	3,800
September	42,000	20,000	7,600	4,200
October	46,000	19,600	8,000	4,600
November	50,000	20,000	8,400	4,800
December	60,000	21,600	9,000	5,000

(2) 10% sales are on cash basis 50% of the credit sales are collected next month and the balance in the following months :

(3) Payment to the creditors for materials 2 months, wages 1/5 month, overheads 1/2 month.

(4) Cash balance on 1^{st} October 2015 is expected to be Rs. 8,000.

(5) Income tax to be paid in advance in December Rs. 5,000.

(6) A machinery will be installed in August 2015 at a cost of Rs. 1,00,000. The monthly instalment of Rs. 5,000 is payable from October onwards.

(7) Dividend at 10% on preference share capital of Rs. 3,00,000 will be paid on 1^{st} December, 2015.

(8) Advance to be received for sale of vehicle Rs. 20,000 in December.

OR

1 A factory is currently running as 50% capacity and produces 5,000 units at a cost of Rs. 90 per unit as per details below : **20**

Material .... Rs. 50
Labour .... Rs. 15
Factory Overheads................. Rs. 15 (Rs. 6 fixed)
Administrative Overheads .... Rs. 10 (Rs. 5 fixed)

The current selling price is Rs. 100 per unit.

At 60% working material cost per unit increases by 2% and selling price per unit falls by 2%.

At 80% working material cost per increases by 5% and selling price per unit falls by 5%.

Estimate profits of the factory at 60% and 80% working and offer your comments.

2 Following is the balance sheet of AB Co. Ltd. as at 1st January 2015 and 31st December, 2015. **20**

Liabilities	1-1-2015 (Rs.)	31-12-2015 (Rs.)	Assets	1-1-2015 (Rs.)	31-12-2015 (Rs.)
Equity share capital	3,00,000	3,50,000	Land and Building	2,30,000	3,90,000
Share Premium	-	30,000	Plant and Machinery	85,400	1,40,000
General Reserve	45,000	65,000	Furniture	5,500	6,500
Profit and Loss	30,000	80,800	Stock	82,400	95,700
6% Debentures	-	70,000	Sundry Debtors	75,000	85,500
Sundry Creditors	85,000	90,700	Bank Balance	34,200	44,300
Provision for Tax	22,500	40,500			
Proposed Dividend	30,000	35,000			
	5,12,500	**7,62,000**		**5,12,500**	**7,62,000**

Additional Information :
Depreciation written off during the year :
On Land and Building ....Rs. 60,000
On Plant and Machinery ....Rs. 50,000
On Furniture....................................Rs. 1,200
You are required to prepare a Fund Flow Statement.

OR

2 From the above balance sheet and other information of AB Co. Ltd. prepare Cash Flow Statement. **20**

3 The standard cost of a certain chemical mixture was **20**
40% material A at Rs. 200 per tonne
60% material B at Rs. 300 per tonne
A standard loss of 10% is expected in production. During the period of following materials were used.
90 tons material A at the cost of Rs. 180 per tonne
110 tons material B at the cost of Rs. 340 per tonne
The weight produced was 182 tons of good production.
Calculate :
(1) Material price variance
(2) Material usage variance
(3) Material mix variance
(4) Material yield variance

OR

3 The following particulars were obtained from the books of a firm for two periods : **20**

Particulars	Period I	Period II
Unit Sold Selling price per unit Profit / Loss	7000 Rs. 100 Rs. 10,000 (Loss)	9000 Rs. 100 Rs. 10,000 (Profit)

Calculate :
(a) P/V ratio
(b) Amount of fixed expenses
(c) Break even point
(d) Profit when sale were Rs. 10,00,000
(e) Margin of safety for the period II.

4 Mega Corporation manufactures and sells three products to the automobile industry. All the products must pass through a machining process the capacity of which is limited to 20,000 hours per annum, both by equipment design and government regulation. **20**
The following additional information is available :

Particulars	Product X	Product Y	Product Z
Selling price per unit	Rs. 1,900	Rs. 2,400	Rs. 4,000
Variable cost per unit	Rs. 700	Rs. 1,200	Rs. 2,800
Machining requirement hours per unit	3 hours	2 hours	1 hour
Maximum possible Sales Units	10,000	2,000	1,000

Required :

A statement showing the best possible production mix which would provide the maximum profit for Mega Corporation to gather with supporting workings.

OR

4 ABC Ltd. purchases 20,000 bells per annum from an outside supplier at Rs. 5 each. The management feels that these be manufactured and not purchased. A machine costing Rs. 50,000 will be required to manufacture the item within the factory. The machine has an annual capacity of 30,000 units and life 5 years. The following additional informations are available : **20**

Material cost per bell will be .... Rs. 2.00
Labour cost per bell will be .... Rs. 1.00
Variable overheads will be .... 100% of labour cost
You are required to advise whether :

(1) The company should continue to purchase the bells from the outside supplier or should make them in the factory and

(2) The company should accept an order to supply 5000 bells to the market at a selling price of Rs. 4.50 per unit.

5 Write short notes : (any **four**) **20**

(i) Scope of management accounting

(ii) Labour cost variance

(iii) Key Factors

(iv) Advantage of Responsibility Accounting

(v) Objective of Budgetory Control

(vi) Difference between Management Accounting and Cost Accounting.

(vii) Responsibility centres any two

(viii) Differential cost and incremental cost.