

SARDAR PATEL UNIVERSITY
F. Y. BBA. (FT) (SECOND SEMESTER) EXAMINATION (NC)
2012
Friday, 13th April
11.00 a.m. to 1.00 p.m.
UM02CBBF02 : COST AND MANAGEMENT ACCOUNTING

Total Marks : 60

Q.1 Shreeji Ltd. has the following Profit and Loss account for the year ended 31st March 2010 and the balance sheet as on that date : [15]

Profit and Loss Account for the year ended 31st March 2010

(Rs. in Lakhs)

| Particulars | Rs. | Particulars | Rs. |
|-------------------------|-------------|---------------|-------------|
| Opening stock | 1.75 | Sales: Credit | 12.00 |
| Add Manufacturing cost | 10.75 | Cash | 3.00 |
| | 12.50 | | |
| less closing stock | 1.50 | | |
| cost of goods sold | 11.00 | | |
| Gross profit | 4.00 | | |
| | 15.00 | | 15.00 |
| Administrative expenses | 0.35 | Gross Profit | 4.00 |
| Selling expenses | 0.25 | Other income | 0.09 |
| Depreciation | 0.50 | | |
| Interest | 0.47 | | |
| Income-tax | 1.26 | | |
| Net-profit | 1.26 | | |
| | 4.09 | | 4.09 |

Balance Sheet as on 31st March 2010

(Rs. in Lakhs)

| Liabilities | Rs. | Assets | Rs. |
|------------------------------|--------------|-----------------------|--------------|
| Equity Shares of Rs. 10 each | 3.50 | Plant and Machinery | 10.00 |
| 10% Pref. shares | 2.00 | less Depreciation | 2.50 |
| Reserves & surplus | 2.00 | Net plant & machinery | 7.50 |
| Long-term loan (12%) | 1.00 | Goodwill | 1.40 |
| Debentures (14%) | 2.50 | Stock | 1.50 |
| Creditors | 0.60 | Debtors | 1.00 |
| Bills payable | 0.20 | Pre-paid expenses | 0.25 |
| Accrued expenses | 0.20 | Marketable securities | 0.75 |
| Provision for tax | 0.65 | Cash | 0.25 |
| | 12.65 | | 12.65 |

Calculate the following ratios :

- 1) Current Ratio 2) Quick Ratio 3) Stock Turnover
- 4) Gross Profit Ratio 5) Net Profit Ratio
- 6) Return on Shareholder's Equity 7) Debtor's Ratio

OR

Q.1

- (a) Explain Limitation of Financial Statements. [05]
 (b) RK Ltd. has a liquidity ratio of 2 to 1. If its merchandise inventory is Rs. 15000 and total current liability are Rs. 30000, ascertain the current ratio. [05]
 (c) Explain the following Ratios giving their formula : [05]
 1) Debt/Equity Ratio
 2) P/E Ratio
 3) Return on Equity Share holder fund
 4) EPS
 5) Stock Turnover

Q.2

- (a) What is Fund Flow ? Give the usage of Fund-Flow statement ? [07]
 (b) Statement of Financial Position of Mr. Krishna is given below : [08]

| Liabilities | 1-1-2008 (Rs.) | 31-12-2008 (Rs.) | Assets | 1-1-2008 (Rs.) | 31-12-2008 (Rs.) |
|------------------|-------------------|---------------------|--------------------|-------------------|---------------------|
| Accounts payable | 29000 | 25000 | Cash | 40000 | 30000 |
| Capital | 739000 | 615000 | Debtors | 20000 | 17000 |
| | | | Stock | 8000 | 13000 |
| | | | Building | 100000 | 80000 |
| | | | Other fixed assets | 600000 | 500000 |
| | 768000 | 640000 | | 768000 | 640000 |

Additional Information:

- a) There were no drawings.
 b) There were no purchases or sales of either building or other fixed assets. Prepare a statement of cash Flow

OR

- Q.2 Balance sheets of M/s Radha & Krishna as on 1 January 2009 and 31 December, 2009 were as follows : [15]

Balance Sheets

| Liabilities | 1 Jan' 09 Rs. | 31 Dec 09 Rs | Assets | 1 Jan' 09 Rs. | 31 Dec 09 Rs |
|----------------------|------------------|-----------------|-----------|------------------|-----------------|
| Creditors | 40,000 | 44000 | Cash | 10000 | 7000 |
| Mr. Krishna's Loan | 25000 | -- | Debtors | 30000 | 50000 |
| Loan from 'Yes' Bank | 40000 | 50000 | Stock | 35000 | 25000 |
| Capital | 125000 | 153000 | Machinery | 80000 | 55000 |
| | | | Land | 40000 | 50000 |
| | | | Building | 35000 | 60000 |
| | 230000 | 247000 | | 230000 | 247000 |

During the year machine costing Rs. 10000 (accumulated depreciation Rs. 3000) was sold for Rs. 5000. The provision for depreciation against machinery as on 1 January 2009 was Rs. 25000

and on 31st December 2009 Rs. 40000. Net Profit for the Year 1997 amounted to Rs. 45000. You are required to prepare Fund flow statement.

Q.3

- (a) Give the Meaning of Out-of-Pocket Costs and Opportunity Cost. [05]
 (b) Write a short note on Methods of Costing [05]
 (c) Define Cost unit and Cost Centre [05]

OR

Q.3 Prepare the Cost Sheet [15]

| Particulars | 1-6-2009 | 30-6-2009 |
|--------------------------------|-----------------|------------------|
| Stock of Raw Material | 60000 | 50000 |
| Stock of WIP | 12000 | 15000 |
| Stock of F.G. | 90000 | 110000 |
| | | Rs. |
| Purchase of R.M. for the Month | | 480000 |
| Wages Paid | | 240000 |
| Factory O/H | | 100000 |
| Admin O/H | | 50000 |
| Selling & Distribution O/H | | 25000 |
| Sales | | 1000000 |

Q.4

- (a) What is Break-Even-Analysis ? Draw the BEP chart. [05]
 (b) Write a short note on Key Factor. [05]
 (c) The following data are given: [05]

| Year | Sales | Total Cost |
|-------------|--------------|-------------------|
| 2004 | 3900000 | 3480000 |
| 2005 | 4300000 | 3760000 |

Find Out BEP

OR

Q.4 The following are details regarding of Mfg concern, [15]

SP Rs. 40 p.u.
 V.C Rs. 32 p.u.
 F.C Rs. 60000 p.a.
 Production & Sales 15000 Units.

Calculate :

- (1) BEP in units and in Rupees.
- (2) Current Margin of Safety.
- (3) Profit when sales are 20000 units.
- (4) Sales to earn profit of 10% of Sales.
- (5) Units to be sold to earn after tax profit of Rs. 20000 (tax at 50%)
- (6) New BEP if variable cost is increase by 15%.

