SARDAR PATEL UNIVERSITY
BBA (FT) (II Sem.) Examination
Wednesday, 20th March 2013
3 - 5 pm
UB02CBBF02 - Cost and Management Accounting

Total Marks: 60

Notes: (1) Figures to the right indicate full marks.
(2) Show all necessary workings.

Q.1 The summarized Balance Sheet of R Ltd, for the year ended 31-3-2012 is given below: [15]

Liabilities	Rs.	Assets		Rs.
Eq. share capital (fully paid up)	1400000	Fixed Assets (at cost)	2100000	
Reserves and Surplus	450000	− Depreciation	250000	1850000
Profit and Loss A/c	200000	Stock		250000
Provision for Taxation	100000	Debtors		300000
Sundry Creditors	400000	Cash		150000
	2550000			2550000

The following further particulars are also given for the year:

	Rs.
Sales	1200000
Earnings before interest and tax	300000
Net profit after tax	200000

Calculate the following ratios and explain the significance of the first three ratios in one or two sentences:

(1) Current ratio (4) Net Profit ratio
(2) Liquidity ratio (5) Debtor turnover
(3) Stock turnover (6) Return on equity shareholders' funds

OR

Q.1

(a) What do you mean by ratio analysis? Discuss its advantages and limitations. [10]

(b) SR Ltd. furnishes the following information: [05]

	Rs.
Profit after interest and tax	120000
Preference dividend	20000
Equity share capital (Rs. 10 each)	200000

Calculate Earning per Share.

Q.2 The balance sheets of Asha Ltd. as on 31-12-2011 and 31-12-2012 were as follows: [15]

Liabilities	31-12-11 Rs.	31-12-12 Rs.	Assets	31-12-11 Rs.	31-12-12 Rs.
Eq. Share Capital	300000	400000	Goodwill	115000	90000
Redeemable Pref. Share Capital	150000	100000	Buildings	200000	170000
			Debtors	160000	200000
General Reserve	40000	70000	Bills Receivable	20000	30000
P&L A/c.	72000	98000	Stock	157000	309000
Creditors	55000	83000	Cash	25000	18000
Bills Payable	20000	16000			
Provision for Taxation	40000	50000			
	677000	817000		677000	817000

Additional Information:

(1) Depreciation on Building @ 15%.
(2) Income tax paid Rs. 40000.
(3) Provision for taxation to be treated as non-current liability.

You are required to prepare:

(a) Statement of Change in Working Capital
(b) Funds Flow Statement
(c) Necessary Ledger Accounts.

OR

Q.2

(a) Differentiate between Funds Flow Statement and Cash Flow Statement. [07]

(b) Calculate Cash from Operations from the following: [08]

Particulars	2011 Rs.	2012 Rs.
Stock	14000	18000
Goodwill	20000	16000
Prepaid Insurance	2000	1800
Outstanding Rent	1600	4000
Provision for Depreciation	30000	32000
Bills Receivable	14000	18000
Profit and Loss Account	20000	30000

Q.3

(a) Distinguish between Cost Accounting and Management Accounting. [05]

(b) Match the following Group 'A' to Group 'B': [05]

Group 'A' (Industries)	**Group 'B' (Method of Costing)**
(1) Cement	(a) Multiple Costing
(2) Railways	(b) Batch Costing
(3) Readymade Garments	(c) Process Costing
(4) Paints & Decorating	(d) Operating Costing
(5) Bicycle	(e) Job Costing

(c) Write short note on: Meaning and Importance of Costing [05]

OR

Q.3 From the following information prepare a Cost Sheet for the year 2012 showing there in (a) Prime Cost, (b) Works Cost, (c) Cost of Production and (d) Total Cost: [15]

		Rs.
Opening Stock of:	Raw Materials	18000
	Finished Goods	5000
Opening Stock of:	Raw Materials	10000
	Finished Goods	6000
Purchase of Raw Materials		90000
Indirect Wages (Factory)		3000
Factory Supervision		2000
Direct Wages		18000
Power and Fuel		5000
Depreciation on Plant and Machinery		7000
Carriage Outward		3000
Office Salaries		8000
Office Rent		6000
Sundry Office Expenses		9000
Salesmen's Salaries		3000

Q.4

(a) What is Break-Even Analysis? State its utility. [05]

(b) Explain the following terms: [05]

(1) Key Factor

(2) Angle of Incidence

(c) From the following information calculate the Break-Even Point: [05]

	Rs.
Fixed Cost	150000
Sales	600000
Direct Materials	200000
Direct Labour	120000
Direct Expenses	80000

OR

Q.4 You are given the following information: [15]

Present Production and Sales – 8000 units

Selling Price per Unit – Rs. 20

Variable Cost per Unit :

Direct Materials – Rs. 5

Direct Labour – Rs. 2.50

Variable Overheads – 100% of Direct Labour Cost

Fixed Cost – Rs. 400000

Find out:

(1) Contribution per Unit
(2) P/V Ratio
(3) Sales required to break-even
(4) Margin of Safety
(5) Units to be sold to earn a profit of Rs. 30000.

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