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**SARDAR PATEL UNIVERSITY**  
**B.B.A (International Business) Semester – II (NC)**

Code: UMO2CBB04

Subject: **COST AND MANAGEMENT ACCOUNTING**

Date: 15-10-2016, Saturday

Time: 02:00P.M to 04:00P.M

Total Marks: 60

Q-1 Explain the nature and limitation of Financial Statements 15

OR

Q-1 Following is the summarized Balance sheet of a concern as at 31<sup>st</sup> December : 15

Balance Sheet as on 31<sup>st</sup> December

Liabilities	Rs.	Assets	Rs.
6% Preference Share Capital	1,50,000	Goodwill	20,000
Equity Share Capital	2,50,000	Land & Building	2,50,000
General Reserve	20,000	Machinery	1,75,000
Profit & loss	15,000	Furniture	10,000
5% Debenture	1,00,000	Stock	90,000
Sundry Creditors	28,000	Sundry Debtors	21,000
Bills Payable	12,000	Cash at Bank	5,000
		Preliminary Expenses	4,000

Other Information:

Total Sales Rs. 4,00,000 : 20% of which is made on credit. Gross Profit and Net Profit (after tax) for the year ended amounted to Rs. 80,000 and Rs.20,000 respectively.

Find out the following Ratios.

(a) Current Ratio (b) Proprietary Ratio (c) Debt-Equity Ratio (d) Net Profit Ratio (e) Debtors' Turnover Ratio (f) Fixed Assets Turnover.

Q-2 Prepare Cash Flow Statement from the following Balance Sheets of X limited: 15

Liabilities	2013	2014	Assets	2013	2014
Share Capital	17,00,000	18,35,000	Buildings	8,00,000	10,00,000
Reserves	40,000	83,700	Plant & Machinery	2,50,000	3,70,000
P & L A/C	1,00,000	1,30,000	Fixture & Fitting	5,000	6,000
Provision for Dividends	70,000	50,000	Investments	4,64,000	5,13,700
Creditors	1,08,000	1,13,000	Cash	2000	2200
Bills Payable	14,000	13,000	Debtors	1,00,000	45,000
Loan on Mortgage	10,000	70,000	Bills Receivables	8,000	9,000

(P.T.O.)

Stock	4,00,000	3,43,700
Prepaid Expense	3,000	3,100
Preliminary Expenses	10,000	2,000
	<u>20,42,000</u>	<u>22,94,700</u>

Additional Information:

- Depreciation is charged on Building at 3% on cost of Rs.9,00,000. On Plant & Machinery at 8% on cost of Rs. 4,00,000. On Fixtures and Fittings at 5% on cost of Rs. 8,000
- Investments were purchased and interest received that is Rs.3,000.
- The declared dividend for 2013-14 was paid and the interim dividend of Rs. 20,000 paid out of Profit and loss Account.

OR

Q-2 Prepare statements showing following details from the Balance Sheets and other details given below of the Bombay Trading Co. Ltd. Prepare the Fund Flow statement. 15

Liabilities	2013	2014	Assets	2013	2014
Share Capital	4,50,000	4,50,000	Plant & Machinery	4,00,000	3,20,000
General Reserve	3,00,000	3,10,000	Investments	50,000	60,000
Profit & Loss A/C	30,000	35,000	Stock	2,00,000	1,95,000
Capital Reserve	26,000	33,000	Bills Receivable	40,000	15,000
Debentures	-	2,70,000	Debtors	2,00,000	4,55,000
Creditors	90,000	75,000	Bank Balance	1,59,000	1,97,000
Bills Payable	78,000	59,000			
Provision for Taxation	75,000	10,000			
	<u>10,49,000</u>	<u>12,42,000</u>		<u>10,49,000</u>	<u>12,42,000</u>

Other details are as follows:

- During the year investments worth Rs. 8,000 were sold at price of Rs. 8,500 and New investments worth Rs. 18,000 were purchased.
- Net Profit of the year was Rs. 62,000 after debiting the depreciation of Rs.70,000 on plant and Machinery and Rs.10,000 Provision for Taxation.
- During the year Plant & Machinery worth Rs.10,000 were sold at a price of Rs.12,000 and the profit on the same was credited to Profit and loss Account.
- During the year Rs. 40,000 were paid as Dividend.

Q.3 Prepare cost sheet in the books of WB from the following particulars.

15

Opening stock: -	Raw material	=	Rs 5,000
	Finished goods	=	Rs 4,000
Closing stock: -	Raw material	=	Rs 4,000
	Finished goods	=	Rs 5,000
Raw material purchased		=	Rs 50,000
Wages paid to laboures		=	Rs 20,000
Chargeable expenses		=	Rs 2,000
Rent and Taxes		=	Rs 7,400
Power		=	Rs 3,000
Experimental expenses		=	Rs 600
Sale of wastage of material		=	Rs 200
Office management salary		=	Rs 4,000
Office printing & stationery		=	Rs 200
Salaries to salesman		=	Rs 2,000
Commission to traveling agents		=	Rs 1,000
Sales		=	Rs 1, 00,000

**OR**

- Q.3 (a) Explain the terms of – Cost, Costing and CostAccounting. 07  
 (b) Explain the methods of Costing. 08

- Q.4 Following are the details regarding a manufacturing concern : 15
- |                      |                 |
|----------------------|-----------------|
| Selling Price        | Rs, 40 p.u.     |
| Variable Cost        | Rs. 32 p.u.     |
| Fixed Cost           | Rs. 60,000 p.a. |
| Production and Sales | 15,000 units    |

Calculate :

- (1) BEP in units and Rs.
- (2) Current Margin of Safety
- (3) Profit when sales are 20,000 units
- (4) Sales to earn profit of 10% of Sales.
- (5) Units to be sold to earn after tax profit of Rs. 20,000 (Tax rate 50%)
- (6) New BEP if Variable Cost is increased by 15%.

**OR**

- Q.4 Write Short note on following : 15
- (1) Angle of Incidence
  - (2) Key Factor
  - (3) Margin of Safety

— X —  
 (3)

