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[A-17 E]   Seat No: ___________   No. of printed pages: 3

SARDAR PATEL UNIVERSITY
T. Y. B. Com. (External) Examination
Thursday, 3rd May 2018
2.00 pm to 5.00 pm
AA-304 : Advanced Accounting and Auditing - IV

Total Marks : 100

Note : Figure to the right indicate full marks of the question paper.

Q.1
(A) Define Management Accounting. Explain its Limitations. (10)
(B) Write note on - Role of Management Accountant. (10)

OR

Q.1 The standard cost of a certain chemical mixture is as follows. (20)

40% Material A at Rs. 20 per ton
60% Material B at Rs. 30 per ton

A standard Loss of 10% is expected in production. During one month 171 ton is produced and 90 tons of Material A at Rs. 18 per Kg. and 110 tons of Material B at Rs. 34 is used.

Calculate :
(1) Material cost Variance
(2) Material price Variance
(3) Material Mix Variance
(4) Material yield Variance

Q.2 From the figures given below, prepare a statement showing application and source of funds for the year 2018. (20)

Liabilities	31-3-17 Rs.	31-3-18 Rs.	Assets	31-3-17 Rs.	31-3-18 Rs.
Equity share capital	150000	175000	Fixed Assets (Net)	255000	310000
8% Pref. Share Capital	100000	50000	Investments	15000	40000
Debentures	50000	100000	Current Assets	120000	187500
Reserves and surplus	55000	135000	Discount on Debentures	5000	2500
Current Liabilities	40000	80000			
	395000	540000		395000	540000

Other information :
(1) A machine with a book value of Rs. 20000 was sold for Rs. 12500.
(2) Preference share capital redemption was done at a premium of 15% on 31st March 2018.
(3) Dividend at 15% was paid on equity share for 2017.
(4) Depreciation charged during the year Rs. 30000.

OR

Q.2

(A) Define cashflow statement. Explain its utility in detail. (10)

(B) Distinguish between cashflow statement and fund flow statement. (10)

Q.3 Explian the meaning of Budget and Budgetary control. Describe its advantages and Limitations. (20)

OR

Q.3 From the following information for 60% activity prepare a flexible budget at 80% and 100% activity. (20)

Production at 60% capacity - 600 units
Materials at Rs. 100 per unit
Labour - Rs. 40 per unit
Direct Expenses at Rs. 10 per unit
Factory Expenses Rs. 40000 (40% Fixed)
Administrative expenses Rs. 30000 (60% Fixed)

Q.4

(A) The informations about a company are given below : (15)

(1) Profit Volume Ratio - 20%
(2) Fixed Cost - Rs. 36000
(3) Selling price per unit Rs. 150

Calculate : (1) B.E.P. (in Rs.) and in units
(2) Variable cost per unit
(3) Profit on sales of Rs. 400000

(B) Write note on Importance of Break even Analysis. (05)

OR

Q.4

(A) Assuming that the cost structure and selling prices remain the same in period I and II find out. (15)

(1) Profit Volume Ratio
(2) Break even point for sales
(3) Profit when sales are Rs. 100000
(4) Sales required to earn a profit of Rs. 20000
(5) Safety Margin in period - II

Period	Sales (Rs.)	Profit (Rs.)
I	120000	9000
II	140000	13000

(B) Explain the key factors in marginal costing. (05)

Q.5 A company is producing three types of separate product. (20)
Following is the information.

Particulars	A	B	C
Productions (Units)	4000	2000	5000
Materials	18	26	30
Wages	7	9	10
Variable Overhead Exps	2	3	3
Fixed overhead Exps	5	8	9
	32	46	52
Selling Price	40	60	61

Management wants to shut down any of the product. By doing this production of another two products will be increased by 50%. Which product should be dropped from A, B and C by the management. Show your working and give reason for your answer.

OR

Q.5 ABC Ltd. Which produces three products furnishes you the following data for the year 2017 (20)

	Products		
	A	B	C
Selling price per unit (Rs.)	100	75	50
Profit / Volume Ratio	10%	20%	40%
Maximum Sales Potential (Units)	40000	25000	10000
Raw Material Content as Percentage of variable costs	50%	50%	50%

The fixed expenses are estimated at Rs. 680000. The company uses a single raw material in all three products. Raw material is in short supply and the company has a quota for the supply of raw materials of the value of Rs. 1800000 for the year for the manufacture of its products to meet its sales demand.

You are required to (1) set a product mix which will give the maximum overall profit keeping the short supply of raw materials in view (2) compute the maximum profit.

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