

II/BCO (viii)

2010

COMMERCE (Honours)

Paper : BC-2.41

(Management Accounting)

Full Marks : 100

Pass Marks : 30

Time : 3 hours

The questions are of equal value

Answer any **five** questions

1. A factory engaged in manufacturing plastic tubs is working at 40% capacity and produces 10000 buckets per annum. The present cost break-up for one bucket is as under :

Material—Rs 10

Labour—Rs 3

Overheads—Rs 5 (60% fixed)

The selling price is Rs 20 per bucket

What will be the profit, if factory operates at 90% of capacity?

(2)

2. Calculate from the following data—

- (a) Material Cost Variance;
- (b) Material Price Variance;
- (c) Material Usage Variance;
- (d) Material Mix Variance :

| Material | Standard | | Actual | |
|----------|----------|---------------------------|-------------------------------|--------------|
| | Price | Weight per unit of output | Weight for output of 36 units | Price per lb |
| | Rs | (lb) | (lb) | Rs |
| A | 10 | 2 | 72 | 12 |
| B | 2 | 4 | 108 | 2 |
| C | 5 | 3 | 126 | 4 |

3. Prepare a cash budget in respect of 6 months from July to December, 2008 from the information given in the table as under :

| Months | Sales | Materials | Wages | Overheads |
|-----------|----------|-----------|--------|-----------|
| | Rs | Rs | Rs | Rs |
| April | 1,00,000 | 40,000 | 10,000 | 10,800 |
| May | 1,20,000 | 60,000 | 11,200 | 11,500 |
| June | 80,000 | 40,000 | 8,000 | 12,000 |
| July | 1,00,000 | 60,000 | 8,000 | 11,000 |
| August | 1,20,000 | 70,000 | 10,000 | 13,000 |
| September | 1,40,000 | 80,000 | 10,000 | 13,000 |
| October | 1,60,000 | 90,000 | 10,000 | 14,000 |
| November | 1,80,000 | 1,00,000 | 11,000 | 14,000 |
| December | 2,00,000 | 1,10,000 | 11,600 | 15,000 |

(3)

Cash balance on July 1 was expected to be Rs 1,50,000

Expected capital expenditure :

Plant and Machinery to be installed in August at a cost of Rs 40,000 will be payable on September 1. Extension to Research and Development Department amounting to Rs 10,000 will be completed on August 1, payable Rs 2,000 per month from completion date. Under a hire purchase agreement Rs 4,000 is to be paid each month. Cash sales of Rs 2,000 per month are expected. No commission is payable.

A sales commission of 5% on credit sales is to be paid within the month following the sales :

Period of credit allowed by suppliers—3 months

Period of credit allowed to customers—2 months

Delay in payment of overheads—1 month

Delay in payment of wages—1 month

Income tax of Rs 1,00,000 is due to be paid on October 1. Preference shares dividend of 10% on Rs 2,00,000 is to be paid on November 1.

Ten percent calls on ordinary share capital of Rs 4,00,000 is due on July 1 and September 1.

Dividend from investment amounting to Rs 30,000 is expected on November 1.

4. The comparative statement of income and financial position are given below :

| <i>Particulars</i> | <i>2008</i> | <i>2009</i> |
|---------------------------|-----------------|-----------------|
| | <i>Rs</i> | <i>Rs</i> |
| Net Sales | 1,00,000 | 1,50,000 |
| Less : Cost of Sales | 70,000 | 1,10,000 |
| Gross Profit | 30,000 | 40,000 |
| Less : Operating Expenses | 20,000 | 25,000 |
| Net Profit | 10,000 | 15,000 |
| Cash in hand | 5,000 | 8,000 |
| Cash at Bank | 4,000 | 2,000 |
| Debtors | 40,000 | 25,000 |
| Stock at cost | 15,000 | 10,000 |
| Fixed Assets (Net) | 56,000 | 65,000 |
| | <u>1,20,000</u> | <u>1,10,000</u> |
| Creditors | 36,000 | 12,000 |
| Bills Payable | 2,000 | 1,000 |
| Mortgage Loan | 10,000 | 20,000 |
| Equity Share Capital | 60,000 | 70,000 |
| Reserve and Surplus | 12,000 | 7,000 |
| | <u>1,20,000</u> | <u>1,10,000</u> |

Assume 360 days in a year. You are required to calculate the following ratios for both the years :

- Current Ratio
- Acid Test Ratio
- Debtors Turnover Ratio
- Average Collection Period
- Stock Turnover Ratio

(5)

5. What do you mean by budgetary control? Discuss different types of budget in detail.
6. What do you mean by Management Accounting? Discuss its nature, scope and functions.
7. Flash light on limitations of financial statements. Discuss objectives and methods of financial statements analysis.
8. Explain the concept of standard costing and variance analysis. What are their advantages and applications?
