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Sr. No. of Question Paper : 7921

F-2

Your Roll No.....

Unique Paper Code : 1091201

Name of the Course : Bachelor of Management Studies [DC-1.3]

Name of the Paper : Accounting for Managers

Semester : II

Duration : 3 Hours

Maximum Marks : 75

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Attempt any five questions.
3. All questions carry equal marks.
4. Use of simple calculator is allowed.

1. "Financial accounting culminates into preparation and presentation of financial statements for various user-groups, processing transactions and events occurred during an accounting period". Explain. (15)

2. On the basis of the Balance Sheet of SR Ltd. as at 31st March, 2014 and Notes, and other information, prepare its Statement of Cash Flow for the year ended 31st March, 2014.

Particulars	31.3.2014	31.3.2013
	Rs. (in Lacs)	Rs. (in Lacs)
Equity & Liabilities:		
Shareholders' Fund:		
Share Capital	2500	1000
Reserves & Surplus	4000	2900
Sub Total	6500	3900

P.T.O.

Non-current Liabilities:		
Loans	3400	2200
Current Liabilities:		
Trade Payables	1500	900
Other Payables Outstanding expenses	200	100
Provisions	1200	800
Sub Total	2900	1800
Total Equity and Liabilities	12800	7900
Assets:		
Non-current Assets:		
Fixed Assets (net)	8000	4000
Investments	400	800
Loans and advances	1200	1000
Sub Total	9600	5800
Current Assets:		
Inventories	2000	1380
Trade Receivables	500	200
Cash & Cash Equivalents	200	120
Advance Tax	500	400
Sub Total	3200	2100
Total Assets	12800	7900

Notes:**31.3.2014****31.3.2013**

Rs. (in Lacs)

Rs. (in Lacs)

Reserve and Surplus

General Reserve	3200	2700
P&L A/C balance	300	200
Share Premium	<u>500</u>	<u>0</u>
	<u>4000</u>	<u>2900</u>

Loans

Secured Loans	1600	1800
Unsecured Loans	<u>1800</u>	<u>400</u>
	<u>3400</u>	<u>2200</u>

Provisions

Provision for Tax	500	400
Proposed Dividend	700	<u>400</u>
	<u>1200</u>	<u>800</u>

Fixed Assets

Gross Block	10000	5000
Less Accumulated Depreciation	<u>(2000)</u>	<u>(1000)</u>
	<u>8000</u>	<u>4000</u>

Other information :

- (i) Sales of fixed assets costing Rs. 300 lacs, accumulated depreciation Rs. 30 lacs for Rs. 200 lacs.
- (ii) Actual tax liability for 2012-13 was Rs. 400 lacs. Accordingly, provision for tax balance as on 31.3.2013 was off set against advance tax balance.
- (iii) Loans and advances represent short - term loans given to group companies.
- (iv) Interest on loans funds paid for 2013-14 was Rs. 350 and interest and dividend income were also Rs. 350 lacs.
- (v) Proposed dividend of 2012-13 was paid during 2013-14. (15)

3. (a) Briefly discuss classification of cost based on :

(i) Behaviour with changes in volume

(ii) Management decision making

(7)

P.T.O.

(b) Differentiate between :

(i) Cost centre and cost unit

(ii) Cost control and cost reduction

(8)

4. (a) Define P/V ratio. Discuss its usefulness in management decision making. How can it be improved ? (5)

(b) SR Ltd. gives you the following information :

Variable cost per unit.....Rs. 45

Fixed expenses.....Rs. 1,62,000

Selling price per unit.....Rs. 60

Required :-

(i) Calculate the break-even point expressed in units and value.

(ii) What should be the selling price per unit if the break-even point is to be brought down to 6,000 units ?

(iii) How many units must be sold to earn a net income of 10% of sales ? (10)

5. XYZ Company has an annual production of 90,000 units for a component. The component per unit cost structure is given below :

Material	Rs. 270
Labour (25% fixed)	Rs. 180
Variable expenses	Rs. 90
Fixed expenses	<u>Rs. 135</u>
Total	<u>Rs. 675</u>

The purchase Manager has an offer from a supplier who is willing to supply the component at Rs. 540. Should the component be purchased and production stopped ? Give justification for your answer. Will your answer changes if the supplier price is Rs. 485. Also discuss some non-monetary factors to be taken into consideration before making a final decision. (15)

6. A factory engaged in manufacturing plastic buckets is operating at 40% capacity and produces 10,000 buckets per month. The present break up for one bucket is as under;

Material	Rs. 20
Direct labour	Rs. 6
Overhead	Rs. 10 (60% Fixed)

The selling price per bucket is Rs. 40. If it is decided to work the factory at 50% capacity, the selling price falls by 3%. At 90% capacity, the selling price falls by 5% accompanied by a similar fall in the price of material.

You are required to prepare a statement showing budgeted cost and profit at 50% and 90% capacities.

(15)

7. RS Chemical Industries Limited provides the following information from their records. For producing 10 kgs. of Product 'R' the standard material requirement is:

Material	Quantity (kgs.)	Rate per kg. (Rs.)
A	8	6
B	4	4

1,000 kgs. of Product 'R' were produced during April 2014. The actual consumption of material is as under:

Material	Quantity (kgs.)	Rate per kg. (Rs.)
A	750	7
B	510	5

Calculate :

- (i) Material Cost Variance
- (ii) Material Price Variance
- (iii) Material Usage Variance

P.T.O.

- (iv) Material Mix Variance
- (v) Material Yield Variance

OR

Write explanatory notes on **any three** of the following :

- (i) Accrual and Going concern concept of Accounting
- (ii) Allocation and apportionment of overhead cost
- (iii) Master Budget
- (iv) Responsibility Accounting
- (v) Activity based costing

(3×5)

(1000)