Roll Number of Candidate: ____________ EXT102/30102012/1030T0130

University of Pune, Department of Management Sciences

MBA++ Trimester – III (102) Management Accounting

Marks: 50 **Time: 3 Hours**

Note: Use separate answer sheets to answer different sections.

SECTION – I

Note: Answer any four out of Q1 to Q7 and carries 5 marks each. Question No. 8 is compulsory and carries 15 marks.

Q1. A Factory engaged in manufacturing plastic buckets is working to 40% capacity and produces 10,000 buckets per annum. The Present cost break-up for the bucket is:

Materials	Rs. 10,
Labour	Rs. 03,
Overhead	Rs. 5 (60% Fixed),
Selling price	Rs. 20 per bucket

If it is decided to work the factory at 50% capacity, the selling price falls by 3%, 90% capacity the selling price falls by5%, accompanied by a similar fall in the price of material.

You are required to calculate the profit at 50% and 90% capacities, and also calculate breakeven point for the same capacity production.

Q2. Calculate MCV, MUV, MPV & MMV from following Data:

Material	SQ	SR	AQ	AR
P	4900	5	5200	6
Q	4100	7	3900	6
R	2100	3	3000	4
Total =	11100		12100	

Q3. A manufacturer is thinking whether he should drop one item from his product line and replace another. Below are given his present cost and output data:

Existing Situation:

1) Book Shelf	: Variable cost Rs. 5,00,000; Sales Rs. 7,50,000
2) Tables	: Variable cost Rs. 3,00,000; Sales Rs. 5,00,000
3) Beds	: Variable cost Rs. 7,50,000; Sales Rs.12,50,000

Total Fixed Cost Rs. 7,50,000

Proposed Situation:

1)Books Shelf's	:Variable cost Rs. 8,66,667; Sales Rs.13,00,000
2)Cabinets	:Variable cost Rs. 97,500; Sales Rs. 2,60,000
3) Beds	:Variable cost Rs.6,24,000; Sales Rs. 10,40,000

Total fixed cost Rs. 7,50,000, **Give your advice.**

Q4. Differentiate between Financial Accounting and Management Accounting

Q5. Explain concepts in 2 to 3 sentences:
A) Ledger **B)** Trial Balance **C)** Balance Sheet **D)** Accounting Equation.

Q6. The Reliable Battery Co. furnishes you the following information:

	First Half	Second Half
	Rs.	Rs.
Sales	8,10,000	10,26,000
Profit earned	21,600	64,800

From the above you are required to compute the following assuming that the fixed cost remains the same in both the periods.

1. P/V Ratio., **2.** Fixed Cost, **3.** The amount of profit or loss where sales are Rs. 6,48,000. **4.** The amount of sales required to earn a profit of Rs. 1,08,000.

Q7. The sales director of a manufacturing company reports that next year he expects to sell 50,000 units of a particular product. The production manager consults the storekeeper and caste his figures as follows:

Two kinds of raw materials, A and B, are required for manufacturing the product. Each unit of the product requires 2 units of A and 3 units of B. the estimated opening balances at the commencement of the next year are:

Finished Product: 10,000 Units,
Raw Material: A: 12,000 Units and Raw Material: B: 15,000 units.

The desirable closing balances at the end of next year are:

Finished Products 14,000 units,
Material A 13,000 units,
Material B 16,000 units

Draw up a quantitative chart showing Materials Purchase Budget for the next year.

Q. 8

Mr. Neel had prepared the following Trial Balance from his ledger as on 31st March, 20X4

Particulars	Dr. (Rs)	Cr. (Rs)
Stock as on 1st April, 20X3	5,00,000	
Purchases and Returns	31,00,000	45,000
Sales and Returns	55,000	41,50,000
Cash in Hand	2,50,000	
Cash at Bank	5,00,000	
Trader's Capital		22,59,200
Rates and Taxes	50,000	
Drawings	45,000	
Salaries	95,000	
Postage and Telegram	1,05,000	
Insurance	90,000	
Salesman Commission	78,000	
Printing and Stationery	95,500	
Advertisement	1,70,000	
Furniture and Fittings	5,50,000	
Motor Car	48,000	
Discounts	50,000	75,000
General Expenses	65,700	
Carriage Inwards	10,000	
Carriage Outwards	22,000	
Wages	50,000	
Sundry Debtors/Creditors	10,00,000	4,00,000
Total	69,29,200	69,29,200

You are required to prepare Trading and Profit & Loss Account for the year ended on 31st March, 20X4 and Balance Sheet as on that date after making the necessary adjustments. You are provided with the following information:

(i) Closing Stock as on 31st March, 20X4 Rs 1,45,000.
(ii) Neel had withdrawn goods worth Rs 50,000 during the year.
(iii) Purchases include Purchase of furniture worth Rs 1,00,000.
(iv) Debtors include Rs 50,000 bad debts.
(v) Sales include goods worth Rs 1,50,000 sent out to NN & Co. on approval and remained unsold as on 31st March, 20X4. The cost of the goods was Rs 1,00,000/.
(vi) Provision for Bad debts is to be created at 5% of Sundry Debtors.
(vii) Depreciate Furniture and Fittings by 10% and Motor Car by 20%.
(viii) The salesman is entitled to a commission of 10% on total sales.

SECTION - II

Q. 1) Sunrise Ltd. has three Production Departments A, B, C and two service departments D and E. The following figures are extracted from the records of the company:

	Rs.
Rent and rates	5,000
General Lighting	600
Indirect wages	1,500
Power	1,500
Depreciation of Machinery	10,000

The following are the further details:

	Total	A	B	C	D	E
Floor space Sq. ft.	10,000	2,000	2,500	3,000	2,000	500
light points	120	10	15	20	50	25
Direct wages	10,000	3,000	2,000	3,000	1,500	500
h. p. of machines	150	30	60	50	10	-
Value of machinery	2,55,000	60,000	1,00,000	80,000	5,000	10,000
Working hours		2,000	3,000	4,000		

The expenses of D and E are allocated as follows:

	A	B	C	D	E
Expenses of D	20 %	30 %	40 %	-	10 %
Expenses of E	40 %	30 %	30 %	-	-

What is the total cost of an article, if raw material cost is Rs. 50. labour cost is Rs. 30 and it passes through Departments A , B and C for 4, 5 and 3 hours respectively? **(10)** **OR**

Q. 1) Explain with suitable example various methods of inventory valuation. Under conditions of rising prices which of these methods would you recommend and why? **(10)**

Q. 2) Write a short note "Process Costing" **(5)** **OR**

Q. 2) In a factory, a standard product is manufactured. From the following particulars, prepare a cost sheet showing total cost and profit made: Raw material consumed Rs. 30,000; labour Rs. 60,000; works overheads are charged at 40 % of works cost and office overheads is taken at 20 % on total cost. The standard product sold during the period is 180 units at Rs. 1,200 each. **(5)**

Roll Number of Candidate: ____________________ 102MA/03102012/1100T1230

University of Pune, Department of management Sciences

102 Management Accounting

Total Marks: 40 **Time: 1.5 Hours**

Note: Answer both the sections on different answer sheets.

SECTION - I

Note: Q1 carries 15 marks. Q2 carries 10 marks.

Q1. On the basis of following Trial Balance as at 31st March 2012 and Adjustments of Shri Traders Prepare Trading A/C, P&L A/C and Balance Sheet:

Debit balances	Rs.	Credit balances	Rs.
Drawings	6000	Bank Overdraft	25000
Wages	15500	Interest on Investment	5800
Stock	12800	Bills payable	4600
Loan to X	4000	Interest on Loan to X	320
Rent	5000	Capital	100000
General Expenses	1480	Reserve for bad and Doubtful Debt	250
Investments	60000	Sales	230000
Purchases	160000	Creditors	12590
Freight and Carriage	2100		
Goodwill	40000		
Bills Receivable	6200		
Rates and Taxes	1800		
Sales Returns	2100		
Insurance	900		
Cash and Bank Balance	3700		
Postage and Telegram	3800		
Land and Buildings	25000		
Plant and Machinery	10000		
Debtors	16500		
Packing Charges	400		
Bad Debts	1280		
	378560		**378560**

Adjustments: **(1)** Closing Stock as on 31st March 2012 Rs. 16,000. (2)Goods worth Rs. 700 were sent on 25/03/2012 as 'Sale on Approval Basis' for Rs. 800 and approval was not received before the end of the month. (3) 20% of the goodwill is to be written off. (4) Further Bad Debts were estimated as Rs. 350. Increase Reserve for bad debts to the extent of Rs. 1500. (4) Depreciate land and building at 3% and Machinery at 10%. (5) Goods worth Rs. 800 was distributes as free samples.

Q2. PQR Ltd. Produces and sells a single article at Rs. 100 each. The marginal cost of production is Rs. 75 each and fixed cost is Rs. 40,000 per annum. Calculate:

(1) The P/V ratio and BEP [in Rs. And Nos.] **(2)** The Sales to Earn a Profit of Rs. 25,000, **(3)** Profit at Sales Rs. 300000, **(4)** New Break-Even Point if sales price is reduced by 10%. **(5)** Margin of safety at sales Rs. 1,75,000 **(6)** Selling Price per Unit if the Break-Even Point is reduced to 1000 units. **(7)** If selling price reduces by 10% and Variable cost increase by 10%, what should be new BEP for 1st half of the year? **OR**

Q2. A. "Accounting is a Language of the Business." Do you agree? Defend your answer.

B. Who are the users of Accounting Information?

SECTION - II

Note: (1) Section – II carries Marks 15. (2) Q. 3 carries 10 marks and Q. 4 carries 5 marks.

Q. 3) Accounts of a machine manufacturing company disclose the following information for the six weeks ending 31stJune 2010:

Particulars	Amount Rs.
Materials used	1,50,000
Productive labour	1,20,000
Factory overheads	24,000
Office overheads	17,640

The company is about to send a tender for a machinery. The costing department estimates that the materials required would cost Rs. 1,250 and expenditure in productive wages Rs. 750 and direct expenses Rs. 500. The tender is to be made at a profit of 20 % on selling price. Prepare a tender cost sheet and also calculate the following percentages for overheads estimation.

a. Percentage of factory overheads to productive labour **b.** Percentage of office overheads to factory cost **OR**

Q. 3) Define Cost, Costing and Cost accounting. Distinguish between cost accounting and financial accounting.

Q. 4) the following are the receipts and issues of coal in factory during March 2011. Prepare a stores ledger on FIFO basic for pricing of material issues.

Date	Particulars
1	Opening stock 200 tons at Rs. 460 per ton.
4	Issued 140 tons.
6	Purchased 350 tons at Rs. 450 per ton
8	Condemned due to deterioration 60 tons
11	Purchased 200 tons at Rs. 480 per ton
17	Issued 300 tons
30	Returned 50 tons as unused originally issued on 4th march 2011

OR **Q. 4)** Explain in brief the different methods of pricing of material issues from stores to production.