DCL-19BBA604 Seat No. ______

B. B. A. (Sem. VI) Examination

July - 2022

Accounting for Managerial Decision

Time : $2\frac{1}{2}$ Hours] [Total Marks : **70**

1 The following data are obtained from the records of a company : **20**

	First year	Second year
Sales	Rs. 80,000	Rs. 90,000
Profit	Rs. 10,000	Rs. 14,000

Calculate as required :

(1) P/V ratio.

(2) Profit where sales are Rs. 90,000 and Rs. 40,000.

(3) Sales to earn profit of Rs. 20,000.

(4) Fixed Expenses.

OR

1 The following information is supplied in respect of Liberty Watch Factory : **20**

Production .... 90,000 units
Variable Expenses (per unit) .... Rs. 10.00
Selling price (per unit) .... Rs. 20.00
Fixed Expenses .... Rs. 6,00,000

Calculate :

(1) How many units should be produced and sold to reach Break - even point?

(2) If selling price per unit is reduced by 10%, then what will be the new BEP (in units)?

(3) What sales are necessary to make a profit of Rs. 4,00,000.

2 The cost of manufacturing a part is given below (on the basis of production of 1,00,000 units) **20**

	Cost per unit Rs.
Direct material cost purchased from outside	20.00
Other materials	4.00
Direct wages	6.00
Variable overhead	4.00
Fixed overhead (Total Rs. 40 lakhs)	40.00
Total cost	**74.00**

The company is operating at 80 per cent capacity and it will not be making any other use of balance of 20 per cent capacity in future, Hence it contemplates to manufacture a part of the above product, which it purchased from outside. The estimated cost of the parts is as under:

	Rs.
Direct material	4
Direct wages	7
Variable overhead	3
Fixed cost (20% of Rs. 40 lakhs)	8
Total	**22**

Shoud the company make the part or buy it from outside?

OR

2 Vijay Co. manufactures two types of spare parts. Particulars from its cost records are as under : **20**

Particulars	**Amount**	**Amount**
Direct Material per unit	Rs. 180	Rs. 160
Direct labour (Rate per hour Rs. 4)	15 hours	10 hours
Selling price per unit	Rs. 350	Rs. 300
Variable expenses (% of direct labour)	150%	150%
Fixed Expenses Rs. 7,500		

Company management thinks for the following alternatives regarding sales mix.

(1) 'A' 240 units and 'B' 260 units
(2) 430 units of 'B' only
(3) 'A' 170 units and 'B' 360 units
(4) 770 units of 'A' only

Which alternative will be recommended by you?

3 The balance sheets of vijay com. ltd. as on 31-3-2011 and 31-3-2012 are as given below. Prepare Cash Flow Statement. **15**

Liability	**Amt**	**Amt**	**Assets**	**Amt**	**Amt**
Equity share capital	3,90,000	5,20,000	Goodwill	16,000	10,000
			Machinery	4,00,000	4.,00,000
General Reserve	2,21,000	2,60,000	Land-Building	6,40,000	8,35,000
Capital Reserve	-	13,000	Investments	1,30,000	1,04,000
			Debtors	2,50,000	2,80,000
Profit and Loss A/C	78,000	97,500	Stock	1,14,000	1,23,000
			Cash	10,000	29,000
Debentures	2,60,000	1,82,000			

Creditors	1,00,000	69,000			
Bills Payable	56,000	1,00,000			
Provision for Taxation	1,17,000	1,10,500			
Provision for depreciation on fixed Asset	2,99,000	3;77,000			
Proposed Dividend	39,000	46,800			
Unpaid Dividend (2010-11)	-	5,200			
	15,60,000	**17,81,000**		**15,60,000**	**17,81,000**

During the year 2011-12 the company:

(1) Sold one machine for Rs. 32,500 the cost of which was Rs. 65,000 and the depreciation provided on it was Rs. 27,300. Beside a machine costing Rs. 18,000 is to be written off (which is fully depreciated).

(2) Depreciation provided on land and building was Rs. 43,300 and on machinery was Rs. 80,000.

(3) Redeem debentures at 5 % premium.

(4) Sold some investment at a Profit which was credited to capital reserve.

(5) Decide to value stock at cost, where as previously the practice was to value stock at cost less 5%. The stock on 31-3-2012 was correctly valued at cost.

(6) Proposed dividend of last year paid and income tax of Rs. 80,000 of last year was also paid.

OR

3 The Balance sheets of Mira Ltd. are as under : **15**

Liabilities	**2011**	**2010**	**Assets**	**2011**	**2010**
Share capital :					
Equity shares each of Rs. 10	15,00,000	12,00,000	Building	4,80,000	3,45,000
			Stock	2,34,000	2,34,000
			Land	2,00,000	4,00,000
10% Pref. shares of Rs.10 each Rs. 5 called up			Plant	17,00,000	15,00,000
			Debtors	8,46,000	10,56,000
			Cash Balance	2,00,000	1,55,000
	-	8,00,000	Pre paid Exp.	30,000	25,000

Security Premium	-	30,000	Bills Receivable	60,000	35,000
Capital reserve	50,000	-	Mis. Exp	2,50,000	2,50,000
Capital Red. Fund	7,00,000	-			
General Reserve	4,00,000	9,00,000			
P & L A/c	5,00,000	4,00,000			
Provident Fund	1,00,000	80,000			
Creditors	1,50,000	2,00,000			
Bills payable	6,00,000	3,90,000			
	40,00,000	**40,00,000**		**40,00,000**	**40,00,000**

Additional Information :

(1) During the year 2011 the company decide to value stock at cost where as previously the practice was to value stock at cost less 10%. The stock on 31-12-2011 was correctly valued.

(2) During the year the company has redeemed red. Pref. shares at 5% premium after complying necessary requirement of the Act. For this purpose the company transferred Rs. 7,00,000 to capital redemption fund from general reserve and necessary new equity shares were issued.

(3) The company paid a dividend at 25 % to equity share holders on the closing balance of equity capital.

(4) Rs. 1,50,000 were provided for depreciation on plant. During the year one Plant, whose book value was Rs. 50,000 was sold at a loss Rs. 10,000.

(5) A piece of land has been sold out and profit was transferred to capital reserve.

4 Explain the different centres of Responsibility Accounting. **15**

OR

4 Explain the advantages and disadvantages of Responsibility Accounting. **15**