



DP-19BBA604

Seat No. _____

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

March - 2022

Accounting for Managerial Decisions (Core-10)

(New Course)

Time : **2.30** Hours]

[Total Marks : **70**

- Instructions :** (1) Figures to the right side indicate marks.
(2) All working notes should be a part of your answer.

1 M/s Rangmanch Limited manufactures and sells four types of **20** products under the Brand Names of A, B, C and D. The necessary information is given as under–

- The total sales of the company are Rs. 6,00,000 per year, wherein, the company sells 20,000 units, 10,000 units, 5,000 units and 2,500 units of Brand A, B, C and D respectively.
- The sales mix in value comprises $33\frac{1}{3}\%$, $41\frac{2}{3}\%$, $16\frac{2}{3}\%$ and $8\frac{1}{3}\%$ of four Brand Names A, B, C and D respectively.
- The Variable Cost is as under–
 - Brand – A – 60% of the Selling Price
 - Brand – B – 68% of the Selling Price
 - Brand – C – 80% of the Selling Price
 - Brand – D – 40% of the Selling Price

- Out of the Total Variable Cost - 50% portion is related to Direct Material and 50% portion is related to Direct Labour.
- The Raw Material requirement (per unit of manufacturing) is – (a) Brand – A and B – 2 Kg each (b) Brand C & D – 4 Kg each.
- The Labour Hour requirement is – 45 minutes, 120 minutes, 30 minutes, and 150 minutes for Brand – A, B, C and D respectively.
- All four Brands of the company utilize same type of Material and Labour.
- Fixed Cost – Rs. 1,47,000/-

From the above information – Calculate –

- (1) Current Profit.
- (2) Sales Mix to maximize the profit, if the Raw Material is available in limited quantity i.e. 80,000 Kg only. Calculate the maximum profit also.
- (3) Sales Mix to maximize the profit, if the Labour Hours are available in limited quantity i.e. 33,750 hours.

OR

1 M/s Yes Boss Limited deals into business of manufacturing filing cabinets. For the current year, the following information is available from the company's records. **20**

- At 25% capacity, the company expects the sales of 10,000 cabinets which will generate the total loss of Rs. 3,00,000.
- At the said level, the fixed cost of the company will be double than the total variable cost of the company.
- The variable cost ratio is 60% amounting of Rs. 2,25,000/-

From the above information, you are required to calculate–

- (1) BEP in Units and in Rs.
- (2) Margin of Safety in % and in Rs. when profit Rs. 50,000/-
- (3) The amount of Profit, if the company operates at 80% of its capacity.
- (4) The sales required to earn a profit of Rs. 5,00,000/-
- (5) The sales required when the loss is of Rs. 50,000/-
- (6) Sales required when the profit is of Rs. 5 per unit.
- (7) Sales required when the loss will be Rs. 5 per unit.
- (8) Calculate the revised BEP in Rs. and PVR, if there is reduction in selling price by $6\frac{2}{3}\%$ and variable cost reduced by $12\frac{8}{9}\%$ and increase the fixed cost to Rs. 4,40,000/-. All these changes are to be taken together.

- 2 M/s Kiana Limited manufactures and sells three products i.e. **20**
A, B and C. The necessary information with regards to the same is as under.

Particulars	Product A (Per Unit)	Product B (Per Unit)	Product C (Per Unit)
Material	Rs. 36	Rs. 52	Rs. 60
Labour	Rs. 14	Rs. 18	Rs. 20
Variable Overhead	Rs. 4	Rs. 6	Rs. 6
Fixed Overhead	Rs. 10	Rs. 16	Rs. 18
Total Cost	Rs. 64	Rs. 92	Rs. 104
Selling Price	Rs. 80	Rs. 120	Rs. 122
Profit	Rs. 16	Rs. 28	Rs. 18
Units Manufactured	8,000 units	4,000 units	10,000 units

Production Manager proposes to close the production of product 'B' as its profit is minimum. In that case, he suggests increase in production of Product 'A' and Product 'C'. He further suggest following 3 possibilities–

- (1) 100% increase in production of Product 'A'
- (2) 100% increase in production of Product 'C'
- (3) 50% increase in production of Product 'A' and Product 'C' each.

As cost accountant of the company, which proposal do you agree with ? Do you think that product 'B' should be discontinued ? Give reasons for your answer.

OR

- 2 M/s No Boss Company Limited produces two products A and B. Following particulars are available from its records. **20**

Particulars	Product A (Rs.)	Product B (Rs.)
Direct Material Per Unit	1,080	960
Direct Labour (Labour Hour Rate Rs. 12)	30 Hr.	20 Hr.
Selling Price Per Unit	2,100	1,800
Variable Overhead (% of Direct Labour)	150%	150%

- Fixed Cost - Rs. 15,000

Management thinks for following options of Sales Mix.

- (1) Product A - 720 units and Product B – 780 units
- (2) Product A - 2,310 units only
- (3) Product B - 1,290 units only
- (4) Product A - 510 units and Product B - 1,080 units.

Which sales mix, you will suggest ? Calculate profit of all sheets mix. All working notes will be part of your answer.

- 3 M/s Rahiv Limited provides the following balance sheets. 15
 You are required to prepare the cash-flow statement as per AS-3.

Liabilities	31-03-'20	31-03-'21	Assets	31-03-'20	31-03-'21
Share Capital (Rs. 10 Each)	16,00,000	24,00,000	Goodwill	6,40,000	4,80,000
Preference Share Capital (Rs. 10 each - Rs. 7 paid up)	5,60,000	-	Building	12,80,000	20,00,000
Share Premium	1,20,000	80,000	Plant & Machinery	11,20,000	16,00,000
General Reserve	6,40,000	4,00,000	Investments	3,20,000	-
P & L Account	2,80,000	6,00,000	Stock	2,40,000	4,00,000
4% Debentures	-	8,00,000	Debtors	3,52,000	3,20,000
Sundry Creditors	4,00,000	4,80,000	Bills Receivable	80,000	80,000
Bills Payable	1,60,000	-	Cash Balance	80,000	88,000
Prov. For taxation	1,92,000	2,40,000	Bank Balance	-	3,20,000
Proposed dividend	1,60,000	2,88,000			
	41,12,000	52,88,000		41,12,000	52,88,000

Additional Information –

- (1) Provision for Depreciation on Building Rs. 2,40,000/- and on Machinery Rs. 2,00,000/-
- (2) In compliance with the provision of Companies Act, Preference shares were redeemed at 5% premium. For this purpose, Rs. 8,00,000/- was transferred to Capital Redemption Reserve from General Reserve.
- (3) Debentures of Rs. 8,00,000/- were issued at 5% discount.
- (4) Bonus Shares were issued to Equity Shareholders in the ratio of 2:1 from Capital Redemption Reserve.
- (5) Last year tax of Rs. 2,00,000/- and proposed dividend were paid during the year.
- (6) Investments were sold so as to earn 20% profit on selling price.

OR

- 3 M/s A Limited provides the balance sheets as under. Prepare 15
cash flow statement as per AS-3

Liabilities	31-03-'20	31-03-'21	Assets	31-03-'20	31-03-'21
Share Capital	10,00,000	12,50,000	Land &		
General Reserve	2,50,000	3,00,000	Building	10,00,000	9,50,000
P & L Account	1,52,500	1,53,000	Plant &		
Bank Loan	3,50,000	-	Machinery	7,50,000	8,45,000
Sundry Creditors	7,50,000	6,76,000	Stock	5,00,000	3,70,000
Prov. for taxation	1,50,000	1,75,000	Debtors	4,00,000	3,21,000
			Cash Balance	2,500	3,000
			Bank Balance	-	40,000
			Goodwill	-	25,000
	26,52,500	25,54,000		26,52,500	25,54,000

Additional Information :

- (1) Dividend paid Rs. 1,15,000/-
- (2) Assets of another company is purchased and shares of Rs. 2,50,000/- issued. Following assets acquired - (a) Stock Rs. 1,00,000/- (b) Machinery - Rs. 1,25,000/-
- (3) Machinery Purchased for Rs. 40,000/-
- (4) Depreciation written off Rs. 60,000/- on machinery and Land and Building Rs. 50,000/-
- (5) Provision for taxation Rs. 1,65,000/- and Loss due to sale of Machinery Rs. 1,000/- written off to general reserve.

- 4 Define Responsibility Centre. Explain the various kinds of responsibility centers in detail. 15

OR

- 4 What is transfer price ? Explain types of transfer price. 15
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