

[A-1 to 4-Eng] Seat No. _____

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SARDAR PATEL UNIVERSITY
B.Com. (IV Semester) (NC - 2010 Batch) EXAMINATION
Thursday, 23rd March 2017
10.00 a.m. to 12.00 noon
UB04ECOM02/18/13/29 : Advanced Management Accounting

Total Marks: 60**Note :** Figures to the right indicate full marks of the questions paper.

Q.1 The following data relates to ABC Co. Ltd which makes and sells computers. (15)

Production	100000 units
Sales	80000 units
Selling Price / Unit	Rs. 15
Direct Materials	250000
Direct Labour	300000
Factory overheads	
Variable	100000
Fixed	250000
Selling and Distribution Overheads	
Variable	100000
Fixed	200000

You are required to present income statements using (a) absorption costing and (b) Marginal Costing. Explain briefly for the difference in profits between the two income statements.

OR

Q.1

(A) The following data relate to XYZ Company. Normal capacity 40000 units per month. (08)

Variable Cost per unit Rs. 6

Actual production 44000 units

Sales 40000 units at Rs. 15 per unit.

Fixed manufacturing overheads Rs. 100000 per month or Rs. 2.50 per unit at normal capacity other Fixed expenses Rs. 240000 per month. Prepare income statement under absorption costing.

(B) Distinguish between Absorption Costing and Marginal Costing. (07)

- Q.2 Raja Ltd. which produces three products furnishes you the following data for 2016. (15)

Products

	A	B	C
Selling price per unit	Rs. 100	Rs. 75	Rs. 50
Profit Volume Ratio	10%	20%	40%
Raw material content as % of variable cost	50%	50%	50%
Maximum Sales Potential Units	40000	25000	10000

The fixed expenses are estimated Rs. 680000. The Company uses a single raw material at Rs. 5 per kg in all the three products.

Raw material is in short supply and the company has a quota for the supply of raw material 360000 Kg (value of Rs. 1800000) for the year 2016, for the manufactures of its products to meet its sales demand.

- (1) Set a product mix which will give a maximum overall profit keeping the short supply of raw materials view.
- (2) Compute maximum profitable of that product mix.

OR

- Q.2
- (A) Explain the meaning of differential cost Analysis and discuss its importance. (08)
 - (B) Distinguish between differential cost Analysis and Marginal Cost Analysis. (07)

- Q.3 From the figures given below, prepare a statement showing application and source of fund for the year 2016. (15)

Liabilities	31-3-2015	31-3-2016	Assets	31-3-2015	31-3-2016
Equity Share Capital	150000	175000	Fixed Assets (Net)	255000	310000
8% pref-share capital	100000	50000	Investments	15000	40000
Debentures	50000	100000	Current Assets	120000	187500
Reserves and Surplus	55000	135000	Discount on	5000	2500
Current Liabilities	40000	80000	Debentures		
	395000	540000		395000	540000

You are informed that during the year.

- (1) A machine with a book value of Rs. 20000 was sold for Rs. 12500.
- (2) Pref. Shares redemption was done at a premium of 15 % on 31st March, 2016.
- (3) Dividend at 15 % was paid on equity share for 2015.
- (4) Depreciation charged during the year Rs. 30000.

OR

- Q.3
- (A) Distinguish between Fund flow statement and Cash flow statement. (08)
 - (B) Explain the utility of Cash flow statement. (07)

- Q.4 Explain the factors that affect strategic Decision Making. (15)

OR

- Q.4 Discuss the Major Competitive forces that influence business strategy. (15)
