

[52/53/A-31/A-32-E] Seat No: _____ No. of printed pages: 03

SARDAR PATEL UNIVERSITY
B. Com. (V - Semester) Examination
2017

Friday, 17th November

2.00 pm - 4.00 pm

UB05ECOM01/13 - Advanced Accounting & Auditing IX

Total Marks : 60

Note: Figures to the right indicate full marks of the question.

- Q.1 A Company is producing three types of separate product. Following is the information. (15)

Particulars	A	B	C
Production (units)	4000	2000	5000
Materials	18	26	30
Wages	07	09	10
Variable overheads expenses	02	03	03
Fixed overheads expenses	05	08	09
	32	46	52
Selling price	40	60	61

Management wants to shut down any of the product. By doing this production of another two products will be increased by 50%. Which product should be dropped from A, B and C by the management ?

Show your working with proper statements. Give reason for your answer.

OR

- Q.1 (A) The details relating to product A and B of SHIVAM Ltd. are given below. Identical material is used in production of both the products. (10)

Particulars	A per unit (Rs.)	B per unit (Rs.)
Selling price	100	160
Direct material (Rs. 7.50 per kg)	30	60
Direct Labour (Rs. 5 per hour)	20	36
Variable overhead	10	16

Total fixed overhead Rs. 75000

Assuming that raw material is the key factor and only 40000 kg materials are available and maximum of 8000 units of both can be sold. What should be the production of each of them, so that maximum profit can be obtained ?

- (B) Write short note : Key Factor. (05)

- Q.2 "RAJ" Ltd. having an installed capacity of 100000 units of a product is currently operating at 70% utilisation. At current levels of input prices unit costs work out as follows: (15)

Capacity utilization	Units costs (Rs.)
70 %	97
80 %	92
90 %	87
100 %	82

The company has received three foreign offers from different source as under:

Source A 5000 units at Rs. 55 per unit
Source B 10000 units at Rs. 52 per unit
Source C 10000 units at Rs. 51 per unit

Advise the company as to whether any or all the export orders should be accepted or not.

OR

Q.2 The cost of manufacturing a part is given below on the basis of production of 100000 units. (15)

Particulars	Cost per unit (Rs.)
<u>Direct Material cost</u>	
Part purchased from outside	20.00
Other material	4.00
Direct wages	6.00
Variable overhead	4.00
Fixed overhead	
(Total Rs. 4000000)	40.00
Total Cost Rs.	74.00

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

Direct material	Rs. 4.00
Direct wages	Rs. 7.00
Variable overhead	Rs. 3.00
Fixed costs (20% of Rs. 4000000)	Rs. 8.00
	Rs. 22.00

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

Q.3 What is "Fund Flow Statement"? Explain its importance and uses. (15)

OR

Q.3 Prepare statements showing details from the Balance sheets and other details given below of the Krishna Ltd. (15)

- 1) Changes in working capital
- 2) Sources and Application of funds

Balance Sheet

Liabilities	31-3-06	31-3-07	Assets	31-3-06	31-3-07
Share capital	450000	450000	Plant Machinery	400000	320000
General reserve	300000	310000	Investment	50000	60000
Profit & Loss a/c	30000	35000	Stock	200000	195000
Capital reserve	26000	33000	Bills receivable	40000	15000
Debentures	-	270000	Debtors	200000	455000
Creditors	90000	75000	Bank balance	159000	197000
Bills payable	78000	59000			
Provision for taxation	75000	10000			
	1049000	1242000		1049000	1242000

Other details:

1. During the year investment worth Rs. 8000 were sold at price of Rs. 8500 and new investments worth Rs. 18000 were purchased.
2. Net profit of the year was Rs. 62000 after debiting the depreciation of Rs. 70000 on plant and machinery and Rs. 10000 provision for taxation.
3. During the year plant and machinery worth Rs. 10000 were sold at a price of Rs. 12000 and the profit on the same was credited to Profit and Loss a/c.
4. During the year Rs. 40000 were paid as dividend.

Q.4

- (A) Difference between Cash Flow Statement and Fund Flow Statement. (07)
- (B) Explain the utility of Cash Flow Statement. (08)

OR

- Q.4 Following are the summarized balance sheet of "SHIVAM" Ltd. as on 31-3-2015 (15) and 31-3-2016.

Liabilities	2015	2016	Assets	2015	2016
Share capital	200000	250000	Land & building	200000	190000
General reserve	50000	60000	Machinery	150000	169000
Profit & Loss a/c	30500	30600	Stock	100000	74000
Bank Loan	70000	-	Debtors	80000	64200
Creditors	150000	135200	Cash	500	600
Provision for taxation	30000	35000	Bank balance	-	8000
			Goodwill	-	5000
	530500	510800		530500	510800

Additional information:

1. During the year ended 31 March 2016, dividend of Rs. 23000 was paid.
2. The following assets of another company were purchased for a consideration of Rs. 50000 paid for shares.
Following assets were purchased :
Stock - 20000
Machinery - 25000
3. Machinery was purchased for Rs. 8000.
4. Depreciation written off
Machinery - Rs. 12000
Land & Building - Rs. 10000
5. Provision was made for Income tax Rs. 33000 during the year.
6. The loss on sale of Machinery Rs. 200 was transferred to General reserve.