

**B.B.A. (Part-II) Examination**  
**MANAGEMENT ACCOUNTING**

Time : Three Hours]

[Maximum Marks : 80

- N.B. :—** (1) All questions are compulsory.  
(2) All questions carry equal marks.

1. (a) What are the important financial techniques used by Financial Manager in performance of his job ? 4
- (b) Briefly discuss the role of Management Accounting for management decision making. 4
- (c) Differentiate Management Accounting from Financial Accounting. 4
- (d) Discuss the importance of Financial Management. 4

**OR**

- (e) Distinguish between Management Accounting and Cost Accounting. 4
  - (f) Discuss the scope and role of Management Accounting. 4
  - (g) "Management Accounting as a Science or an Art". Discuss. 4
  - (h) State the nature of Financial Management Accounting. 4
2. (a) Compute the return on Capital Employed (Total Asset Basis) from the following information :

Particulars	Amount (Rs.)	
Net Sale	5,00,000	
Total Asset	?	
Net Return on Sale	4 %	
Turnover of Total Asset (based on Sale)	5 times	
Gross margin	30 %	4

(b) From the following find out Dividend Yield Ratio :

Equity shares of Rs. 35,00,000 @ Rs. 100 each

Proposed dividend : 25%

Profit before tax : 28.80 lakh

Tax rate : 50%

Market price of equity share Rs. 250 per share.

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(c) Following is the Balance Sheet of A Limited as on 31st March, 2016. Calculate Solvency Ratio.

Liabilities	Rs.	Assets	Rs.
Share Capital	40,000	Intangible Asset	24,000
Reserve and Surplus	8,000	Fixed Asset	56,000
Profit and Loss A/c	12,000	Investment	4,000
Mortgage Loan	32,000	Stock	12,000
Bank Overdraft	4,000	Debtors	12,000
Creditors	16,000	Bank balance	12,000
Provision for Tax	8,000		
	<b>1,20,000</b>		<b>1,20,000</b>

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(d) Calculate Capital Gearing Ratio :

**Balance Sheet as on 31<sup>st</sup> March 2006**

Liabilities	Rs.	Asset	Rs.
Share capital 400, 6% Pref. Share of Rs. 15 each	6,000	<u>Fixed Asset</u>	
1,000 equity shares of Rs. 10 each	10,000	Goodwill	6,000
General Reserve	1,000	Land and Building	8,000
14% Debentures	14,000	Machinery	16,000
Profit and Loss A/c	2,000	<u>Current Asset</u>	
Creditors	3,600	Debtors	4,800
Bank Overdraft	2,400	Stock	2,000
Proposed Dividend	1,000	Cash	3,200
	<b>40,000</b>		<b>40,000</b>

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OR

- (e) Calculate Debt Equity Ratio.

**Balance Sheet as on 31st March, 2016**

Liabilities	Rs.	Asset	Rs.
5,000 equity share of Rs. 10 each	50,000	Goodwill	30,000
Reserves	10,000	Fixed Asset	70,000
Profit	15,000	Stock	15,000
Debentures	40,000	Debtors	15,000
Creditors	25,000	Advances	5,000
Provision for Tax	10,000	Cash	15,000
	<b>1,50,000</b>		<b>1,50,000</b>

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- (f) Following information has been taken from the books of Swastik Limited :

Particulars	December 31		
	2014	2015	2016
Sales	1,05,000	97,000	2,02,000
Cost of Good sold	80,000	73,000	—
Receivables	27,000	38,000	19,000
Inventories	30,000	40,000	32,000

Calculate Receivable Turnover Ratio for 2015 and 2016.

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- (g) From the following find out Gross Profit Ratio :

Sales 2,02,000, Return Inward 2,000, Opening Stock 22,000, Purchase Net 1,00,000, Import Duty 10,000, Factory Rent 22,000, Closing Stock 16,500, Wages 25,000, Salaries 27,000, Opening Stock and Closing Stock valued at cost plus 10%.

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- (h) From the following calculate Proprietary Ratio :

Equity Share Capital 30,000, Preference Share Capital 10,000, General Reserve 5,000, P/L A/c (Cr.) 10,000, Debenture 20,000, Fixed Asset 50,000, Creditors 12,000, Debtors 15,000, Cash 7,000, Investment 18,000, Preliminary Expenses (Not written off) 2,000.

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3. (a) From the following calculate fund from operation :

Particulars	Amount	
	Rs.	
Net loss	37,500	
Depreciation	60,000	
Amortisation of goodwill	6,000	
Loss on sale on furniture	4,500	
Profit on sale on land	12,750	
Provision for Bad debts	6,750	
Salary including outstanding	3,000	
Provision for Tax	1,500	
Provision for legal damages	3,000	
Commission	750	
Refund of Tax	3,750	

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(b) Balance Sheet of company on 31<sup>st</sup> Dec. 15 and 31<sup>st</sup> Dec. 16 were as follows :

Asset	2015		2016	
Cash		9,000		13,000
Account Receivable	29,400		33,075	
(-) Provision for Bad Debts	900	28,500	1,050	32,025
Inventory		58,815		48,840
Investments (long term)		16,500		12,000
Furniture	12,300		9,750	
(-) Depreciation	1,800	10,500	1,275	8,475
<b>Liabilities</b>				
Account payable		43,500		46,500
Debenture		11,250		15,000
Equity capital		52,500		45,000
Received earnings		16,065		8,340

Dividend paid during the year Rs. 7,500. Prepare Fund Flow Statement only.

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(c) Extract of Balance Sheet :

Asset	2015	2016
Trade Investments	50,000	70,000

**Additional Information :**

(i) Rs. 50,000 by way of dividend has been received during the year including Rs. 2,000 from pre-acquisition profit which have been credited to Investment A/c.

(ii) Investment costing Rs. 10,000 have been sold during the year for Rs. 10,000.

Find out sources/applications of funds.

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(d) Extracts of Balance Sheet :

Liability	As on 30/6/15	As on 30/6/16
Equity share capital	2,00,000	3,00,000
Share Premium A/c	20,000	30,000
9% Debenture	1,00,000	1,50,000

**Additional Information :**

9% Debenture worth Rs. 30,000 were redeemed during the year.

Find out sources/applications of fund.

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**OR**

(c) Provision for taxation on 1st April, 2015 was Rs. 78,000 and on 31st March, 2016 Rs. 1,23,000, Tax paid during the year was Rs. 82,000. How these amount are shown in fund flow statement and find out the amount was charged to Profit and Loss A/c for the year 15-16.

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(f) From the following particulars prepare a Fund Flow Statement for the year ended 31<sup>st</sup> Dec. 2016 :

(i) Net profit before writing off goodwill Rs. 21,500

(ii) Depreciation written off on fixed asset Rs. 3,500

(iii) Goodwill written off from profit Rs. 5,000

(iv) Dividend paid Rs. 7,000

(v) Share issued Rs. 10,000

(vi) Purchase of machinery Rs. 20,000

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(g) Opening and closing balance of Machinery Account (at W.D.V.) in the Balance Sheet are Rs. 1,50,000 and Rs. 2,50,000 respectively. The opening and closing balance of accumulated Depreciation Account were Rs. 25,000 and 40,000 respectively. Further it is given that during the year (i) a machine costing Rs. 50,000 was purchased in exchange for fully paid up share (ii) an old machinery costing Rs. 10,000 (accumulated) depreciation Rs. 4,000) was sold for Rs. 4,500. Show Machinery A/c. 4

(h) Prepare Machinery A/c :

Particulars	2015	2016
Reserve and Surplus	40,000	60,000
Machinery	50,000	1,50,000
Accumulated Depreciation	25,000	20,000
Discount on issued of Debenture	—	5,000

Machine Costing Rs. 50,000 (Depreciation 15,000) was sold for Rs. 10,000. There was an issue of Rs. 1,00,000 debenture at discount of 5% for the purchase of machinery Rs. 10,000 was paid as dividend during the year. 4

4. The Balance Sheet of CINDRELLA Limited is as follows :

#### Balance Sheet

(Figures in thousand)

Liability	2015	2016
Share capital	850	950
Reserve	20	40
Profit and Loss A/c	50	65
Provision for Dividends	35	25
Sundry Creditors	50	30
Bank Overdraft	4	9
Bills Payable	7	1
Loan Mortgage	5	35
	<b>1,021</b>	<b>1,155</b>

Asset	2015	2016
Building	400	500
Plant and Machinery	125	185
Fixtures and fitting	2.5	3
Cash	1	1
Debtors	50	23
Account Receivable	4	12
Stock	200	172
Prepaid Exps	1.5	2
Investment	82	85
Goodwill	150	171
Preliminary Exps	5	1
	<b>1,021</b>	<b>1,155</b>

Prepare Cash Flow Statement.

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**OR**

4. Following is the Balance Sheet of Amar Company :

**Balance Sheet**

Liability	Amount in lakh	
	2015	2016
Share capital	300.00	300.00
Reserve	225.00	240.00
Debenture	75.00	75.00
Mortgage Loan	27.00	14.25
Creditors	45.00	45.00
Proposed Dividend	22.50	23.25
Tax Provision	21.00	37.50
Bank Overdraft	15.00	82.50
	<b>730.50</b>	<b>817.50</b>

Asset	Amount in lakh	
	2015	2016
Freehold Property (on cost)	225.00	240.00
Machinery (After Depreciation)	135.00	165.00
Share of Subsidiary Company	150.00	150.00
Investment (Market price 120.00)	112.50	112.50
Stock	52.50	75.00
Debtors	45.00	75.00
Bank Balance	10.50	—
	<b>730.50</b>	<b>817.50</b>

**Additional Information :**

- (i) Credit Sale Rs. 675.00 lakh
- (ii) Credit purchase Rs. 520.00 lakh
- (iii) Operating expenses Rs. 17.50 lakh
- (iv) Depreciation on machinery Rs. 17.50 lakh
- (v) Dividend of 2015 paid in 2016
- (vi) Tax paid Rs. 21.50 lakh of 2015.

Prepare Cash Flow Statement.

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5. A factory can produce 60,000 units per annum at its 100% capacity. The estimated costs of production are as under :

Direct Material                      Rs. 3 per unit  
Direct Labour                              Rs. 2 per unit

**Indirect Expenses**

Fixed Cost                              Rs. 1,50,000 per annum  
Variable Cost                              Rs. 5 per unit

**Semi variable cost**

Rs. 50,000 per annum upto 50% capacity and extra of Rs. 10,000 for every 25% increase in capacity or part thereof.

The factory produces only against orders. If the production programme of the factory is as indicated below and management desires to ensure a profit of Rs. 1,00,000 for the year. Prepare flexible budget for 3 months for the year for 50% of capacity remaining 9 months for the year 80% of capacity.

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**OR**

5. What is Cash Budget ? Explain its features and utility.

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