



B.B.A. Part - II

Management Accounting

P. Pages : 8

Time : Three Hours

Max. Marks : 80

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- Notes : 1. All questions are compulsory.
2. All questions carry equal marks.

1. a) Explain the techniques of Financial Management. **4**
- b) What are the objectives of management accounting? **4**
- c) Explain scope of Management Accounting. **4**
- d) Difference between management Accounting & Cost accounting. **4**
- OR**
- e) Explain the utility of management Accounting in business management. **4**
- f) Define Management Accounting. **4**
- g) Discuss the function of management Accounting. **4**
- h) Explain meaning & nature of Financial Management. **4**

2. a) What do you understand by ratio analysis ? 4
- b) What are the limitations of ratio analysis ? 4
- c) Explain the nature & uses of ratio analysis. 4
- d) Explain the difference between current ratio and acid Test ratio. 4

OR

Given below is the summarised profit & loss account of Rashmi products Ltd. for the year 31st March 2015.

Trading & Profit & Loss A/c. for the year ending 31st March 2015.

Particular	(₹)	Particular	(₹)
Opening Stock	9,950	Sales	85,000
Purchases	50,000	Closing Stock	14,900
Wages	4,525		
Direct Expenses	1,425		
Gross Profit	34,000		
	99,900		99,900
Administrative expenses	15,000	Gross Profit	34,000
Selling expenses	3,000	Non operating	
Finance expenses	1,500	income :-	
Non-operating expenses	400	Rent	900
Net Profit	15,000		
	34,900		34,900

Calculate:-

- e) Operating Ratio. 4
- f) Stock turnover Ratio. 4
- g) Net operating profit ratio. 4
- h) Administration Exp. Ratio. 4

3. a) What is fund flow statement ? How it is prepared? 4
- b) Explain the technique of preparing the statement of sources & application of funds. 4
- c) State the importance of fund flow statement. 4
- d) Explain the limitations of fund flow analysis. 4

OR

From the following balances of Nagpur Co. Ltd. Prepare Fund Flow Statement.

	2013 (₹)	2014(₹)
Cash	20,000	25,000
Inventories	31,000	32,000
Bill Receivable	24,000	27,000
Other current assets	8,000	7,000
Fixed assets	50,000	58,000
Accumulated depreciation	21,000	25,000
Account payable	20,000	21,000
Long term debt	14,000	13,000
Equity share capital	50,000	53,000
Retained earnings	28,000	37,000

Additional Information:-

- i) Fixed assets costing ₹ 12,000 were purchased for cash.
- ii) Fixed asset which original cost is ₹4000 accumulated depreciation is ₹ 1500 were sold at book value.
- iii) Depreciation for 2014 amounted to ₹ 5500.

- iv) Dividend of ₹ 3000 was paid during 2014.

Prepare:-

- e) Statement of changes in working capital. **4**
 f) Fixed Asset Account. **4**
 g) Accumulated Depreciation A/c. **4**
 h) Statement of sources & uses of funds. **4**

4. The Balance sheets of a company on 31st March 2014 & 31st March 2015 are as under:- **16**

Liabilities	31/03/14 (₹)	31/03/15 (₹)	Assets	31/3/14 (₹)	31/3/15 (₹)
Share Capital (Rs.10)	1,75,000	1,85,000	Land	50,000	75,000
Profit & Loss A/c	25,200	26,400	Goodwill	25,000	12,500
9% Debentures	30,000	15,000	Stock	1,23,000	1,06,750
Creditors	25,800	29,600	Debtors	35,500	42,250
			Temporary Investments	1500	2,000
			Cash & Bank	21,000	17,500
	2,56,000	2,56,000		2,56,000	2,56,000

Other Particulars are:-

- i) Dividends declared & paid during the year ₹ 8,750.
 ii) Land was revalued at ₹ 75,000 & the profit on revaluation transferred to profit & loss account.
 iii) Debentures were redeemed at the end of the year 2014-15.

Prepare cash flow statement for the year ending 31st March 2015.

OR

The Balance sheets of a company for two years are given below. 16

Liabilities	2015 ₹	2014 ₹	Assets	2015 ₹	2014 ₹
Provision for Tax	1,250	1,000	Cash	4,000	6,000
Accumulated Dep:-			Debtors	8,000	6,500
On Plant	3,000	2,000	Inventory	14,000	15,500
On Building	6,000	5,000	Prepaid expenses	650	800
Creditors	6,500	8,000	Land	15,000	18,000
Debentures	20,500	22,000	Plant at cost	20,000	16,000
Equity share capital	43,000	40,000	Building at cost	25,000	25,000
Retained earning	6,400	9,800			
	86,650	87,800		86,650	87,800

Additional Information:-

- i) Land was sold for cash at a profit ₹ 500.
- ii) Dividend paid during the year ₹ 4500.
- iii) Net profit for the year is ₹ 1600.
- iv) Plant costing ₹ 6000 was purchased & paid in cash. In addition plant costing ₹ 2000 with a book value of ₹ 400 was sold for ₹ 300 in cash.
- v) Debentures was redeemed at face value by issuing share at par.
- vi) Amount ₹ 1600 was transferred for provision for tax during the year.

Prepare cash flow statement of the company for the year ending 31st December 2015.

5. The following information relates to the 16 productive activities of a company for three months ended on 31st March 2015. Prepare a flexible budget at 60%, 80% & 100% production capacity.

Fixed expenses:-

Management salaries	₹ 1,05,000
Rent & taxes	₹ 70,000
Depreciation	₹ 87,500
Sundry office expenses	₹ 1,11,250

Semi-variable expenses 50% capacity:-

Plant maintenance	₹ 31,250
Indirect labour	₹ 1,23,750
Salesman's salaries	₹ 36,250
Sundry expenses	₹ 32,500

Variable expenses 50% capacity: -

Materials	₹ 3,00,000
Labour	₹ 3,20,000
Salesman's commission	₹ 47,500

It is further noted that semi-variable expenses remain constant between 40% & 70% capacity, increase by 10% at the above figures between 70% & 85% capacity increase by 15% of the above figures between 85% & 100% capacity.

Fixed expenses remain constant whatever the level of activity may be sales at 60% capacity are ₹12,75,000 at 80% capacity 17,00,000 & at 100% ₹ 21,25,000.

Assume that all items produced are sold.

OR

Prepare cash Budget for three months ending **16** June 2016 from the following information.

Months	Sales ₹	Material ₹	Wages ₹	Overhead ₹
2015				
Jan	60,000	40,000	11,000	6,200
Feb	56,000	48,000	11,600	6,600
March	64,000	50,000	12,000	6,800
April	80,000	56,000	12,400	7,200
May	84,000	62,000	13,000	8,600
June	76,000	50,000	14000	8,000

Additional Information.

- 1) Payment for materials & overheads is made next month.
- 2) Labour is Paid in the same month.
- 3) Condition of sales.
 - i) All the sales are on credit basis.
 - ii) 50% of the credit sales are recovered in next month.
 - iii) Balance is recovered in the following month of the next month.
- 4) Preference dividend of ₹ 30,000 is to be paid on 1st May.

- 5) Calls on shares are expected in April & June ₹ 25000 each.
- 6) Payment of a machine installed in January is to be made in June ₹ 10,000
- 7) Salesmen are entitled to 5% commission which is paid in the next month of the sale.
- 8) On 1-4-2016, Expected cash balance is ₹ 20,000.
