

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

Time : Three Hours]

[Maximum Marks : 80

Note :—(1) All questions are compulsory.

(2) All questions carry equal marks.

1. (a) Explain the scope of Management Accounting. 4
- (b) Write the advantages of Management Accounting. 4
- (c) Explain tools and techniques of Management Accounting. 4
- (d) Difference between Management Accounting and Cost Accounting. 4

OR

- (e) Explain the techniques of Financial Management. 4
 - (f) Explain the meaning and nature of Financial Management. 4
 - (g) Explain the role of Management Accounting. 4
 - (h) Difference between Management Accounting and Financial Accounting. 4
2. (a) Calculate capital employed
Return on Capital employed is 25%
Net Profit before Interest and Tax is 200 Lacs. 4
 - (b) Purvesh and Co. sells goods on cash as well as on credit. The following particulars are extracted from their books of account for the year 2016 :

Total Gross sale	Rs. 1,00,000	
Cash sale (included in above)	Rs. 20,000	
Sales Return	Rs. 10,000	
Total Debtors as on 1st Jan. 2016	Rs. 40,000	
Total Debtors as on 31st Dec. 2016	Rs. 30,000	4

- (c) If the liquid ratio of Shruti Company is 2:1 and current ratio is 3.5:1
Inventory is Rs. 5,40,000
Calculate current liability. 4

- (d) Find out Gross Profit Ratio and Net Profit Ratio :

Sales	Rs. 8,00,000	
Sales Return	Rs. 20,000	
Cost of goods sold	Rs. 5,00,000	
Net profit	Rs. 1,20,000	4

OR

- (e) What do you understand by Ratio Analysis ? 4
- (f) Explain the nature and uses of Ratio Analysis. 4

(g) Calculate Current Ratio and Liquid Ratio :

Cash in hand	Rs. 2,000
Debtors	Rs. 1,04,000
Creditors	Rs. 84,000
Bills Payable	Rs. 4,000
Machinery	Rs. 50,000
Investment	Rs. 20,000
Inventory	Rs. 80,000
Bank overdraft	Rs. 15,000
9% Debentures	Rs. 30,000

(h) Find out Operating Net Profit Ratio :

	Rs.
Net Profit	1,68,000
Loss on Sale of Securities	700
Provision for Legal Prosecution	3,300
Dividend on Shares	7,500
Profit on sale of Shares	4,500
Net Sales	10,00,000

3. Following are the two Balance Sheets of Vanita Company Ltd :

Particulars	2016 (Rs.)	2015 (Rs.)
<u>Liabilities :</u>		
Share Capital	4,00,000	4,00,000
General Reserve	1,20,000	1,20,000
Profit & Loss A/c	1,00,000	80,000
Creditors	1,20,000	1,60,000
Bills Payable	82,000	40,000
Tax Provision	20,000	60,000
Unpaid Expenses	2,000	12,000
	<u>8,44,000</u>	<u>8,72,000</u>
<u>Assets :</u>		
Fixed Assets	3,40,000	4,00,000
Investment	2,40,000	2,00,000
Debtors	1,20,000	80,000
Bills Receivable	16,000	20,000
Inventory	1,20,000	1,60,000
Cash	8,000	12,000
	<u>8,44,000</u>	<u>8,72,000</u>

- (i) Investment of Rs. 40,000 are sold for Rs. 44,000.
- (ii) Fixed Assets of Rs. 40,000 are sold for Rs. 60,000.
- (iii) Provide Rs. 32,000 for taxes.
- (iv) Dividend paid Rs. 48,000.

Prepare Funds Flow Statement and necessary Accounts.

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OR

What is Funds Flow Statement ? How it is prepared ? State the importance and limitations of Funds Flow Statement.

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4. Balance Sheets of Akash and Badal as on 1-1-2017 and 31-12-2017 were as follows :

Liabilities	1-1-17 Rs.	31-12-17 Rs.	Assets	1-1-17 Rs.	31-12-17 Rs.
Capital	1,25,000	1,53,000	Cash	10,000	7,000
Creditors	40,000	44,000	Debtors	30,000	50,000
Mrs. Badal			Stocks	35,000	25,000
Loan	25,000	—	Machinery	80,000	55,000
Loan from Bank	40,000	50,000	Land	40,000	50,000
			Building	35,000	60,000
	2,30,000	2,47,000		2,30,000	2,47,000

Additional Information :

- Net Profit for the year 2017 amounted to Rs. 45,000.
- During the year a machine costing Rs. 10,000 (Total Depreciation written off Rs. 3,000) was sold for Rs. 5,000.

The provision for depreciation against Machinery Account as on 1-1-2017 was Rs. 25,000 and on 31-12-2017 was Rs. 40,000.

You are required to prepare Cash Flow Statement and necessary Accounts.

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OR

Explain the technique of preparation of Cash Flow Statement. What is the utility of such statement to financial management ?

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5. (a) From the following prepare Flexible Budget for 75% capacity :

Capacity 50%

Variable Cost :

Material Rs. 50,000

Labour Rs. 25,000

Semi-Variable Cost :

Power Rs. 10,000

Fixed Cost :

Administration Expenses Rs. 20,000

Semi-Variable Expenses Increase by 10% for every 25% Increase in Capacity.

4

- (b) What is Flexible Budget ?

4

- (c) Discuss about Cash Budget.

4

- (d) Budget is an effective tool of control. Explain.

4

OR

- (e) From the following budgeted figures prepare a Cash Budget for the month of Oct. and Nov. :

Month	Sales (Rs.)	Purchase (Rs.)	Wages (Rs.)
August	1,80,000	1,24,800	12,000
September	1,92,000	1,44,000	14,000
October	1,08,000	2,18,000	11,000
November	1,74,000	2,46,000	10,000

Other Information :

- (i) 50% of Credit Sales are realised in the month following the sales and remaining 50% in the next month following.
(ii) Creditors are paid in the month following the month of purchase.
(iii) Estimated Cash Balance as on 1-10-2017 is Rs. 25,000. 4
(f) Pooja Company gives the details of their Income and Expenditure for 10,000 units production :

Particulars	Cost Per Unit (Rs.)
Material	70
Wages	25
Other Variable Expenses	20
Fixed Expenses (Rs. 1,00,000)	10
Direct Variable Expenses	5
Selling Expenses (10% fixed)	13
Administration Expenses (Rs. 50,000)	5
Distribution Expenses (20% fixed)	7

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From the above information you have to prepare the Flexible Budget for 6,000 units. We assume that Administration Expenses are fixed at all levels of production. 4

- (g) From the above Q. 5(f) prepare the Flexible Budget for 8,000 units. 4
(h) Calculate Manufacturing Expenses for the month of May, June and July 2017 :

Month	Manufacturing Expenses (Rs.)
March	4,000
April	3,000
May	4,500
June	3,500
July	4,000
Aug	3,000

Other Information :

- * Lag in Payment of Manufacturing Expenses is half month. 4