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V Semester B.B.M. Examination, November/December 2014
(Repeaters) (Prior to 2014-15)
BUSINESS MANAGEMENT
5.2 : Management Accounting
(100 – 2013-14 Only) (90 – Prior to 2013-14)

Time : 3 Hours

Max. Marks : 100/90

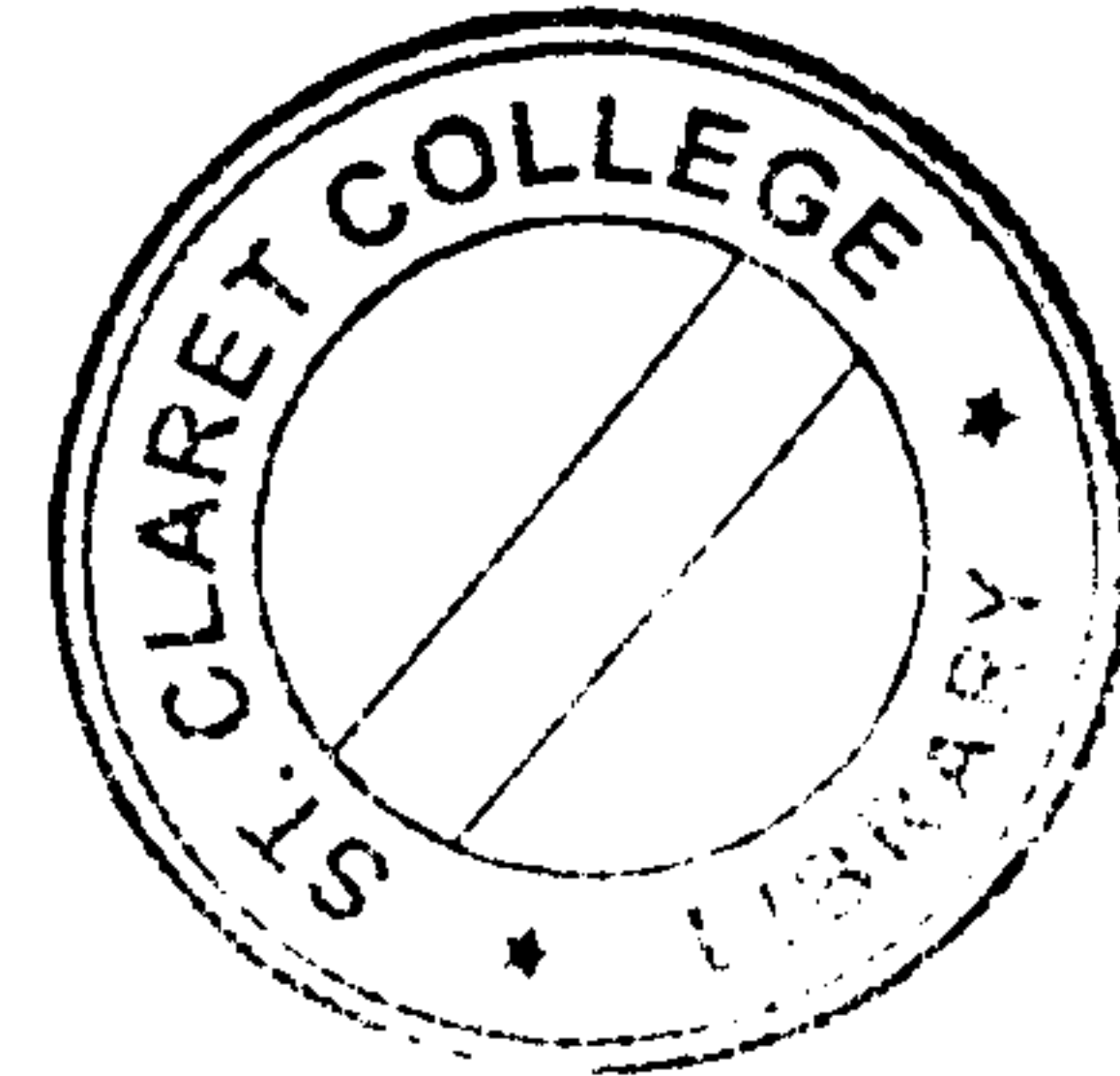
- Instructions:** 1) Answers should be written in **English** only.
2) Sections **A, B and C** to be answered by **all repeaters** (90 marks).
3) Section **D** is to be answered by students of **2013-14** only (100 marks).

SECTION – A

Answer **any ten** of the following sub-questions. **Each** question carries **two** marks.

(10×2=20)

1. a) Define Management Accounting.
- b) List out any two advantages of fund flow statement.
- c) What is flexible budget ?
- d) What is contribution ?
- e) What is Break Even Point ?
- f) What do you mean by Cash Budget ?
- g) How do you treat the "Provision for taxation" while preparing a fund flow statement ?
- h) State any two uses of cash flow statement.
- i) The Average stock of a firm is ₹ 50,000. Its closing stock is ₹ 10,000 more than the opening stock. Find out opening stock and closing stock.





- j) What are current liabilities ?
- k) State any four functions of management accounting.
- l) Calculate current assets and current liabilities, when current ratio is 3 : 1 and working capital is ₹ 50,000.

SECTION – B

Answer **any five** questions. **Each** question carries **five** marks.

(5×5=25)

- 2. Explain the Nature of Management Accounting.
- 3. Briefly explain the significance of Budgetary control.
- 4. What are the characteristics of Marginal Costing ?
- 5. State with reasons whether the following Transactions result in increase or decrease of working capital or do not effect on the working capital.
 - i) Bill Receivable realised ₹ 40,000.
 - ii) Fixed Assets purchased by issue of shares ₹ 3,00,000.
 - iii) Advance Income tax paid ₹ 10,000.
 - iv) Goodwill written off ₹ 10,000.
 - v) 10 % Debentures ₹ 80,000 redeemed at 5% premium.
- 6. Calculate cash from operating activities from the following information.
 - a) The net profit for the year ₹ 1,50,000.
 - b) Depreciation on Building ₹ 12,000.
 - c) Profit on sale of machinery ₹ 30,000.
 - d) Preliminary expenses written off ₹ 8,000.
 - e) Transfer of general reserve ₹ 10,000.



7. From the following information determine opening stock and closing stock :

Stock Turnover : 5 times

Total Sales : 2,00,000

Gross Profit : 25 % on sales.

The closing stock was more by ₹ 4,000 than the opening stock.

8. From the following Balance Sheet of A Ltd. you are required to prepare a schedule of changes in working capital.

Liabilities	2013	2014	Assets	2013	2014
Share capital	80,000	85,000	Land and Building	50,000	50,000
Profit and Loss A/c	14,500	24,500	Plant and Machinery	24,000	34,000
Creditors	9,000	5,000	Stock	9,000	7,000
Mortgage loan	—	5,000	Debtors	16,500	19,500
			Cash at Bank	4,000	9,000
	1,03,500	1,19,500		1,03,500	1,19,500



SECTION – C

Answer **any three** questions. **Each** question carries **15** marks.

(15×3=45)

9. From the following Balance Sheets of A Ltd. make out :

- Statement of changes in working capital; and
- Funds flow statement.

Liabilities	2013	2014	Assets	2013	2014
Equity Share Capital	6,00,000	8,00,000	Land and Buildings	1,80,000	2,20,000
Profit and Loss A/c	1,00,000	1,60,000	Plant and Machinery	5,00,000	8,00,000
General Reserve	50,000	70,000	Stock	1,00,000	85,000
Provision for Taxation	50,000	40,000	Bills Receivable	50,000	30,000
Sundry Creditors	1,10,000	1,30,000	Debtors	1,50,000	1,60,000
Bills Payable	80,000	90,000	Cash in Hand	20,000	20,000
Outstanding Rent	10,000	25,000			
	10,00,000	13,15,000		10,00,000	13,15,000

Additional Information :

- Depreciation on plant and machinery in 2014 ₹ 50,000
- A piece of Machinery costing ₹ 12,000 was sold for ₹ 8,000 during 2014
(Depreciation of ₹ 7,000 had been provided on it)
- An interim dividend of ₹ 6,000 was paid during the year
- Income tax paid during 2014 ₹ 45,000.



10. From the following details prepare the Balance Sheet of Z company Limited.

- 1) Paid up capital – ₹ 1,00,000
- 2) Plant and Machinery – ₹ 2,50,000
- 3) Total Sales for the year – ₹ 8,00,000
- 4) Gross Profit margin – 25%
- 5) Annual Credit Sales – 80% of net sales
- 6) Current ratio – 2
- 7) Inventory turnover ratio – 4
- 8) Fixed Assets turnover ratio – 2
- 9) Average collection period – 73 days
- 10) Bank credit to trade credit – 2 : 1
- 11) Cash to inventory – 1 : 15
- 12) Trade debt to current liability – 3.

11. The expenses budgeted for production of 10,000 units in a factory are furnished below :

	Rs. per unit
Material	70
Labour	25
Variable overheads	20
Fixed overheads (₹ 1,00,000)	10
Variable expenses (direct)	5
Selling expenses (10% fixed)	13
Distribution expenses (20% fixed)	7
Administration expenses (₹ 50,000)	5
Total	155

Prepare a budget for the production of a) 8,000 unit b) 6,000 units. Assume that administration expenses are rigid for all levels of production.



12. The following figures of sales and profits for two periods are available in respect of a concern :

	Sales (₹)	Profit (₹)
Period I	1,00,000	15,000
Period II	1,20,000	23,000

You are required to find out :

- P/V ratio
 - Fixed cost
 - Break even point
 - Profit at an estimated sale of ₹ 1,25,000
 - Sales required to earn a profit of ₹ 20,000.
13. From the following Balance Sheets of ABX Company Ltd. as on December 2013 and 2014, You are required to prepare cash flow statement for the year ended December 2014.

Liabilities	2013	2014	Assets	2013	2014
Share capital	1,00,000	1,00,000	Goodwill	12,000	12,000
General reserve	14,000	18,000	Building	40,000	36,000
Profit and loss	16,000	13,000	Plant	37,000	36,000
Sundry creditors	8,000	5,400	Investments	10,000	11,000
Bills payable	1,200	800	Stock	30,000	23,400
Provision for taxation	16,000	18,000	Bills receivable	2,000	3,200
Provision for doubtful debts	400	600	Debtors (Good)	18,000	19,000
			Cash at Bank	6,600	15,200
	1,55,600	1,55,800		1,55,600	1,55,800



Additional information :

- i) Depreciation charged to plant ₹ 4,000 and to building ₹ 4,000
- ii) Provision for taxation of ₹ 19,000 was made during the year 2014.
- iii) The interim dividend paid during the year ₹ 12,000.

SECTION – D

(To be answered by students of **2013-14 only**)

(10×1=10)

14. Distinguish between Financial Accounting and Management Accounting.
