UN – 453

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V Semester B.B.M. Examination, November/December 2015
(Prior to 2014-15) (Repeaters)
BUSINESS MANAGEMENT
5.2 : Management Accounting
(100-2013-14 Only)
(90-Prior to 2013-14)

Time : 3 Hours Max. Marks : 100/90

Instructions : *1) Answer should be written in **English only.***
*2) Section **A, B** and **C** to be answered by **all** repeaters (**90** marks).*
*3) Section – **D** is to be answered by students of 2013-14 and Onwards (**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 important tools of management accounting.
   c) What do you mean by working capital ?
   d) What is fund flow statement ?
   e) State any three uses of cash flow statement.
   f) What do you mean by Marginal Cost ?
   g) What is Break-Even-Point ?
   h) How margin of safety be improved ?
   i) Define a Budget.
   j) What do you mean by budgetary control ?
   k) State any four functions of management accounting.
   l) Current ratio = 2.5, working capital ₹ 9,00,000. Calculate current assets and current liabilities.

SECTION – B

Answer **any five** questions. **Each** question carries **five** marks. **(5×5=25)**

2. Distinguish between management accounting and financial accounting.
3. Briefly explain the main objectives of budgetary control.
4. Explain cost, volume and profit relationship.

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5. State with reasons whether the following transactions result in increase or decrease of working capital or do not effect on the working capital.
   a) Bills receivable ₹ 40,000 discounted for ₹ 38,000
   b) Fixed assets purchased by issuing of shares for ₹ 3,00,000
   c) Advance income tax paid ₹ 20,000
   d) Goodwill written off ₹ 5,000
   e) 10% debentures ₹ 80,000, redeemed at 5% premium.

6. Calculate funds from operating activities from the following information.
   a) The net profit for the year ₹ 2,00,000 after considering the following items
   b) Transfer to Reserves ₹ 20,000
   c) Depreciation on buildings ₹ 15,000
   d) Loss on sale of machinery ₹ 7,000
   e) Preliminary expenses written off ₹ 10,000
   f) Profit on sale of investments ₹ 30,000.

7. Given : Current Ratio 2.5, Liquidity Ratio 1.5, working Capital ₹ 60,000. Calculate
   a) Current assets b) Current liabilities
   c) Liquid assets d) Stock.

8. From the following two Balance Sheet of XY Ltd. You are required to prepare a Schedule of Changes in Working Capital

Liabilities	**2014**	**2015**	**Assets**	**2014**	**2015**
	₹	₹		₹	₹
Share capital	4,00,000	5,00,000	Cash	60,000	94,000
Trade creditor	1,40,000	90,000	Debtors	2,40,000	2,30,000
Retained earnings	20,000	46,000	Stock in trade	1,60,000	1,80,000
			Land	1,00,000	1,32,000
	5,60,000	**6,36,000**		**5,60,000**	**6,36,000**

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 :
   a) Statement of changes in working capital and
   b) Fund flow statement.

Liabilities	**2013**	**2014**	**Assets**	**2013**	**2014**
	₹	₹		₹	₹
Capital	2,30,000	2,30,000	Cash and Bank Bal.	90,000	90,000
8% Debentures	90,000	70,000	Sundry Drs.	67,000	43,000
Depreciation fund	40,000	44,000	Temporary Investment	1,10,000	74,000

Reserve for contingencies	60,000	60,000	Prepaid expenses	1,000	2,000
Profit and loss a/c	16,000	23,000	Stock in trade	82,000	1,06,000
Sundry creditors	1,03,000	96,000	Land and buildings	1,50,000	1,50,000
Outstanding exps.	13,000	12,000	Machinery	52,000	70,000
	5,52,000	**5,35,000**		**5,52,000**	**5,35,000**

The following information concerning the transactions is available :

1) 10% Dividend was paid in cash
2) New Machinery for ₹ 30,000 was purchased but old machinery costing ₹ 12,000 was sold for ₹ 4,000, accumulated depreciation was ₹ 6,000.
3) ₹ 20,000, 8% Debentures were redeemed by purchase from open market @ 96 for a debentures of ₹ 100.
4) ₹ 36,000 Investments were sold at book value.

10. From the following details prepare the Balance Sheet of Zen Company Limited.

    Current ratio – 2.5

    Liquidity ratio – 1.5

    Stock turnover ratio – 6

    Fixed assets to net worth – 1 : 1

    Reserves to share capital – 0.5 :1

    Networking capital – 3,00,000

    Gross profit ratio – 20%

    Fixed assets turnover ratio – 2

    Average debt collection – 2 months

11. The details given below related to 60% activity when the production was 600 units.

	₹
Materials	120 per unit
Labour	50 per unit
Expenses	15 per unit
Factory expenses	50,000 (40% fixed)

Administrative expenses ₹ 35,000 (60% fixed). Prepare a flexible budget showing marginal cost and total cost, for 60% , 80% and 100% activity.

12. The sales and profit figures of two years are given below :

Year	Sales (₹)	Profit (₹)
2013	1,50,000	20,000
2014	1,70,000	25,000

You are required to calculate :

a) P/V ratio

b) Break even point

c) The sales required to earn profit of ₹ 40,000

d) Margin of safety at a profit of ₹ 50,000

e) The profit made when sales are ₹ 2,50,000.

13. From the following Balance Sheet of AB 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	1,30,000	Land and buildings	1,00,000	95,000
General reserve	25,000	30,000	Machinery	75,000	84,500
Profit and Loss A/c	15,200	15,400	Stock	50,000	37,000
Bank loan (long term)	35,000	–	Sundry debtor	40,000	32,100
Sundry creditors	75,000	67,500	Cash	200	300
Provision for tax	15,000	17,500	Bank	–	4,000
			Goodwill	–	7,500
	2,65,200	**2,60,400**		**2,65,200**	**2,60,400**

Additional information :

a) Dividend of ₹ 11,500 was paid.

b) Assets of another company were purchased for a consideration of ₹ 30,000 payable in shares. The following assets were purchased : Stock ₹ 10,000, Machinery ₹ 12,500

c) Machinery was further purchased for ₹ 4,000

d) Depreciation written off on machinery ₹ 6,000

e) Income tax provided during the year ₹ 16,500

f) Loss on sale of machine ₹ 100 was written off to general Reserve.

SECTION – D

To be answered by students of 2013-14 **only**. **(10×10=10)**

14. What are liquidity ratio's ? Discuss their significance.