(Please write your Exam Roll No.) Exam Roll No. 13321401712

END TERM EXAMINATION

THIRD SEMESTER [BBA] DECEMBER 2013

Paper Code: BBA/BBA(B&I/TTM)207 BBA/BBA(TTM/MOM)209 **Subject: Management Accounting**

Time: 3 Hours **Maximum Marks: 75**

Note: Attempt any five questions.

1. Management Accounting is the presentation of accounting information in such a way as to assist the management in the creation of policy and in the day-to-day operations of the undertaking. Elucidate the above statement giving suitable illustrations. *(15)*

2. (a) "Accounting Ratios are mere guides and complete reliance on them in decision-making is suicidal." Elucidate.

   (b) Following are the ratios of the trading activities of National Traders Ltd.:

Debtors' Velocity	3 months
Stock Velocity	8 months
Creditors' Velocity	2 months
Gross Profit Ratio	25 per cent

   Gross Profit for the year ended 31st December, 2008 amounts to Rs. 4, 00,000. Closing stock of the year is Rs. 10, 000 above the opening stock. Bills receivable amount to Rs. 25,000 and Bills payable to Rs. 10,000.

   Find out: (a) Sales; (b) Sundry Debtors; (c) Closing Stock, and (d) Sundry Creditors. *(5+10=15)*

3. (a) Distinguish between Cash Flow and Funds Flow Statements.

   (b) Wear well Ltd. supplies you the following Balance Sheets on 31st December:

Liabilities	*2007 Rs.*	*2008 Rs.*	*Assets*	*2007 Rs.*	*2008 Rs.*
Share Capital	70,000	74,000	Bank Balance	9,000	7,800
Bonds	12,000	6,000	Receivable	14,900	17,700
Accounts payable	10,360	11,840	Inventories	49,200	42,700
Provision for Doubtful debts	700	800	Land	20,000	30,000
Reserves & Surplus	10,040	10,560	Goodwill	10,000	5,000
	1,03,100	1,03,200		1,03,100	1,03,200

Following additional information has also been supplied to you:

(i) Dividends amounting to Rs. 3,500 were paid during the year 2007.

(ii) Land was purchased for Rs. 10,000.

(iii) Rs. 5,000 were written off on Goodwill during the year.

(iv) Bonds of Rs. 6,000 were paid during the course of the year.

You are required to prepare a Cash Flow Statement as per AS 3. *(5+10=15)*

P.T.O.

Download Study Material from StudentSuvidha.com

4. (a) Define "Budget", "Budgeting" and "Budgetary Control".

(b) The following information relates to the productive activities of G Ltd. for three months ended 31st December, 2007.

	Rs.
Fixed Expenses:	
Management Salaries	2,10,000
Rent and Taxes	1,40,000
Depreciation of Machinery	1,75,000
Sundry Office Expenses	2,22,500
	7,47,500
Semi-variable Expenses at 50% Capacity:	
Plant Maintenance	62,500
Indirect Labour	2,47,500
Salesmen's Salaries	72,500
Sundry Expenses	65,000
	4,47,500
Variable Expenses at 50% Capacity:	
Materials	6,00,000
Labour	6,40,000
Salesmen's Commission	95,000
	13,35,000

It is further noted that semi-variable expenses remain constant between 40% and 70% capacity, increase by 10% of the figures between 70% and 85% capacity and increase by 15% of the above figures between 85% and 100% capacity. Fixed expenses remain constant whatever the level of activity may be. Sales at 60% capacity are Rs. 25,50,000; at 80% capacity Rs. 34,00,000 and 100% capacity Rs. 42,50,000. Assuming that items produced are sold, prepare a flexible budget at 60%, 80% and 100% production capacity.

(5+10=15)

5. (a) Differentiate between Standard Costing and Historical Costing.

(b) From the following information regarding a standard product, compute Direct Material (i) Cost (ii) Price (iii) Usage and (iv) Mix Variances:

	Standard			Actual		
	Quantity (Kilos)	Unit Price Rs.	Total	Quantity (Kilos)	Unit Price Rs.	Total
Material A	4	1.00	4.00	2	3.50	7.00
Material B	2	2.00	4.00	1	2.00	2.00
Material C	2	4.00	8.00	3	3.00	9.00
	8	2.00	16.00	6	3.00	18.00

(5+10=15)

P.T.O.

Download Study Material from StudentSuvidha.com

6. (a) D... erentiate between Marginal Costing and Absorption Costing.

(b) An analysis of Sultan Manufacturing Co. Ltd. led to the following information:

	Variable cost (% of sales)	Fixed costs Rs.
Direct Material	32.8	
Direct Labour	28.4	
Factory Overheads	12.6	1,89,900
Distribution Overheads	4.1	58,400
General Administration Overheads	1.1	66,700

Budgeted Sales are Rs. 18, 50,000. You are required to determine:

(i) The break-even sales volume;

(ii) The profit at the budgeted sales volume; and

(iii) The profit if actual sales:

(a) Drop by 10% and

(b) Increase by 5% from budgeted sale.

(5+10=15)

7. (a) Define the term "Relevant Cost".

(b) A company annually manufactures 10,000 units of a product at a cost of Rs. 4 per unit and there is home market for consuming the entire volume of production at the sale price of Rs. 4.25 per unit. In the year 2007, there is a fall in the demand for home market which can consume 10,000 units only at a sale price of Rs. 3.72 per unit. The analysis of the cost per 10,000 units is:

Materials	Rs. 15,000
Wages	11,000
Fixed overheads	8,000
Variable overheads	6,000

The foreign market is explored and it is found that this market can consume 20,000 units of the product if offered at a sale price of Rs. 3.55 per unit. It is also discovered that for additional 10,000 units of the product (over initial 10,000 units) the fixed overheads will increase by 10 percent. Is it worthwhile to try to capture the foreign market?

(5+10=15)

8. Write short notes on any *Three* of the following:

(a) Responsibility Accounting

(b) Zero-base Budgeting

(c) Key Factor

(d) Sources of Funds

(e) DuPont Control Chart

(5×3=15)

****

Download Study Material from StudentSuvid

StudentSuvidha.c