

Exam. Code : 105403

Subject Code : 1408

Bachelor in Business Administration (BBA)

3rd Semester

MANAGEMENT ACCOUNTING

Paper—BBA-307

Time Allowed—Three Hours] [Maximum Marks—50

Note :— Attempt **FIVE** questions in all selecting at least **ONE** question from each Section. **Fifth** question may be attempted from any section. All questions carry equal marks.

SECTION—A

1. "Management accounting aims at providing accounting and related information for reasoned business decisions." Discuss the statement.
2. Distinguish between management accounting and financial accounting. What are the limitations of management accounting ?

SECTION—B

3. You have been given the following balance sheet of ABC Limited as on 31st March, 2016 and the additional information :

Liabilities	Rs.	Assets	Rs.
Share Capital (Rs. 10 fully paid up shares)	40,00,000	Goodwill	8,00,000
Reserves and surplus	20,00,000	Land and Building	40,00,000
10% Debentures	20,00,000	Plant and Machinery	10,60,000
Sundry Creditors	12,00,000	Furniture	4,00,000
Provision for tax	4,00,000	Investments	13,30,000
Bills payable	1,30,000	Stocks	16,00,000
		Debtors	3,40,000
		Cash and Bank	2,00,000
Total	97,30,000	Total	97,30,000

The stock and debtors of the company as on 1st April, 2015 were Rs. 18,00,000 and Rs. 3,00,000 respectively; Sales of the company for the year ended on 31st March, 2016 were Rs. 80,00,000 on which company earned a gross profit of Rs. 16,00,000. Compute the following ratios :

- (a) Current ratio
- (b) Acid test ratio
- (c) Stock turnover ratio

- (d) Average collection period
 (e) Debt equity ratio
 (f) Proprietary ratio
 (g) Fixed assets to net worth ratio
 (h) Fixed assets to long term funds ratio.
4. What are the objectives of analysis of financial statements ? What are the different techniques which can be used for the analysis of financial statements ?

SECTION—C

5. What do you mean by responsibility accounting ? Explain the different steps in the installation of a system of responsibility accounting.
6. From the following balance sheet and the additional information, you are required to prepare cash flow statement for the year ended 31st December, 2015 according to AS-3 :

Liabilities	31 st Dec.	31 st Dec.
	2014	2015
	Rs.	Rs.
Share Capital	1,87,500	2,25,000
General Reserve	1,87,500	2,06,250
P/L A/c	75,000	56,250
10% Debentures	1,87,500	1,87,500
Sundry Creditors	1,12,500	1,05,000
Provision for Tax	18,750	13,125
Outstanding Expenses	18,750	7,500
Pre-received Incomes	15,000	1,875
	8,02,500	8,02,500

Assets	31 st Dec.	31 st Dec.
	2014	2015
	Rs.	Rs.
Buildings	2,62,500	2,77,500
Machinery	1,87,500	2,34,375
Stocks	1,50,000	1,12,500
Debtors	75,000	56,250
Investments	93,750	75,000
Cash	18,750	16,875
Goodwill	—	9,375
Prepaid expenses	8,437	11,250
Outstanding incomes	6,563	9,375
	8,02,500	8,02,500

Additional Information :

- (i) During 2015 dividends of Rs. 8,000 were paid.
 (ii) Depreciation on plant and machinery amounted to Rs. 6,000.
 (iii) Depreciation on building amounted to Rs. 10,000.
 (iv) Provision for tax made during the year Rs. 10,000.
 (v) An item of machinery which was discarded had the written down value amounted to Rs. 4,250.

SECTION—D

7. What do you mean by working capital management ? Examine the approach you would follow for working capital management.
8. What do you mean by working capital mix ? What are the different approaches for determining working capital mix ?