



SB-1373

B. B. A. (Sem. III) Examination
March / April – 2011
Management Accounting

Time : 3 Hours]

[Total Marks : 70

Instructions :

(1)

नीचे दृशविले निशानीवाणी विगतो उत्तरवडी पर अवश्य लभवी. Fillup strictly the details of signs on your answer book.	Seat No. :
Name of the Examination :	<input type="text"/>
<input type="text" value="B. B. A. (Sem. 3)"/>	<input type="text"/>
Name of the Subject :	<input type="text"/>
<input type="text" value="Management Accounting"/>	<input type="text"/>
Subject Code No. : <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="3"/>	Section No. (1, 2,.....) : <input type="text" value="Nil"/>
	<input type="text" value="Student's Signature"/>

- (2) Question No. 1 and 6 are compulsory.
(3) Figures to the right indicate total marks of the question.
(4) Show necessary calculations as part of your answer.
- 1 (i) What is responsibility accounting ? 4
(ii) From the following information calculate profit 3
volume ratio :
Unit cost Rs. 20
Selling price Rs. 30
Fixed expenses Rs. 1,200
- (iii) Under what headings will you classify the following 3
items in the Balance Sheet of a company ?
(a) Calls in arrears (b) Goodwill
(c) Provision for Doubtful Debts (d) Provident Fund
(e) Insurance paid in advance
(f) Authorized share capital.
- 2 Based on the following information of XYZ Ltd. prepare 10
Cash Budget for 2009-10 :

Particulars	Quarters			
	1 st	2 nd	3 rd	4 th
Opening Cash Balance	10,000			
Collection from Debtors	1,25,000	1,50,000	1,60,000	2,21,000
Cash Payments :				
Purchase of materials	20,000	35,000	35,000	54,200
Other Expenses	25,000	20,000	20,000	17,000
Salary and Wages	90,000	95,000	95,000	1,09,200
Purchase of Materials	----	----	----	20,000

The company desires to maintain a balance of Rs. 15,000 at the end of each quarter. Borrowings and repayments are in multiples of Rs. 500.

OR

- 2 Following is the Trading and Profit and Loss Account of XYZ trading for the year ended 31st March 2010 : 10

Trading and Profit and Loss Account

To stock(1.4.2009)	75,000	By Sales	5,00,000
To Purchases	3,10,000	By stock (31.3.10)	1,00,000
To Freight	15,000		
To Gross Profit C/F	2,00,000		
	6,00,000		6,00,000
To Administrative expenses	85,000	By Gross Profit b/d	2,00,000
To Selling Expenses	40,000	By Interest on Investments	5,000
To Financial Expenses	6,000		
To General Expenses	3,000		
To Net Profit	71,000		
	2,05,000		2,05,000

Calculate :

- Gross Profit Ratio
 - Net Profit Ratio
 - Administrative Expenses Ratio
 - Selling Expenses Ratio
 - Operating Ratio.
- 3 Following are the summarized Balance Sheet of XYZ Ltd. as on 31st March 2010 : 10

<i>Liabilities</i>	<i>31.3.2009</i>	<i>31.3.2010</i>	<i>Assets</i>	<i>31.3.2009</i>	<i>31.3.2010</i>
	<i>Rs.</i>	<i>Rs.</i>		<i>Rs.</i>	<i>Rs.</i>
Equity share Capital	1,50,000	2,00,000	Goodwill	50,000	40,000
9% Redeemable Pref. Shares	75,000	50,000	Land	1,00,000	85,000
Capital Reserve	----	10,000	Plant	40,000	1,00,000
General Reserve	20,000	25,000	Investments	10,000	15,000
Profit and Loss A/c	15,000	24,000	Debtors	70,000	85,000
Proposed Dividend	21,000	25,000	Stock	39,000	55,000
Creditors	13,000	24,000	Bills Receivable	10,000	15,000
Bills Payable	10,000	8,000	Cash in hand	7,000	5,000
Liability for expenses	15,000	18,000	Cash at Bank	5,000	4,000
Prov. for Tax	20,000	25,000	Preliminary Expenses	8,000	5,000
	3,39,000	4,09,000		3,39,000	4,09,000

Additional Information :

- (i) A part of land was sold out in 2010 and profit was credited to capital reserve.
- (ii) A machine has been sold for Rs. 5,000 (w.d. v. Rs. 6,000). Depreciation of Rs. 5,000 was charged on plant in 2010.
- (iii) An interim dividend of Rs. 10,000 has been paid in 2010.
- (iv) An amount of Rs. 1,000 has been received by way of dividend on investment in 2010.

Prepare schedule of changes in working capital and Funds Flow Statement.

OR

3 Explain in detail the role of management accounting. **10**

4 X Ltd. provides following data for 2009-10. **10**

<i>Details</i>	<i>First half of the year</i>
Sales	Rs. 45,000
Total Costs	Rs. 40,000
<i>Second half of the year</i>	
Sales	Rs. 50,000
Total Costs	Rs. 43,000

There is no change in price, variable cost and fixed expenses throughout the year. Calculate

- (i) Profit Volume Ratio
- (ii) Fixed Expenses
- (iii) Break Even Sales.

OR

4 From the following information for the year 2009-10, prepare flexible budget : **10**

Capacity Worked	50%
Fixed Costs	(Rs.)
Salaries	84,000
Rent and rates	56,000
Depreciation	70,000
Other Expenses	60,000
<i>Varial Costs :</i>	
Raw Material	2,40,000
Labour	2,56,000
Other Expenses	38,000

Sales at 90 per cent and 100 per cent of capacity are Rs. 13,75,000 and 15,25,000 respectively.

OR

4 Explain Zero Base Budgeting as controlling technique. **10**

- 5 Write short notes on : (any three) 15
 (a) Essentials of Good Report
 (b) Efficiency Ratios
 (c) Trend Percentage Method
 (d) Role of Management Accounting
 (e) Advantages of Responsibility Accounting.
- 6 The books of X Ltd. show the following balances as 15
 on 31.3.2010 :

<i>Particulars</i>	<i>Rs.</i>	<i>Particulars</i>	<i>Rs.</i>
Stock (1.4.2009)	6,65,000	Equity Share Capital	20,00,000
Discount	30,000	Bank Overdraft	7,57,000
Carriage Inwards	57,500	Creditors	2,40,500
Taxes and Insurance	55,000	Sales	36,17,000
Furniture and Fixtures	1,50,000	Rent (Cr)	30,000
Purchases	12,32,500	Transfer Fees	6,500
Wages	13,05,000	Profit and Loss Account (Cr) ...	67,000
Land and Building	12,50,000	Other Liabilities	1,39,500
Plant and Machinery	7,50,000		
Goodwill	3,75,000		
Debtors	2,66,000		
Bills Receivable	1,34,500		
Advertisement	15,000		
Commission and Brokerage	67,500		
Business Expenses	56,000		
Bank	20,000		
Cash	8,000		
Preliminary Expenses	10,000		
Calls in Arrears	10,000		
Administrative Expenses	63,000		
Other Assets	3,37,500		

Stock on 31.3.2010 was Rs. 7,08,000. Outstanding liability for wages Rs. 25,000 and business expenses Rs. 25,000. Dividend declared @ 10% on paid up capital.

Depreciation is charged at 5% on plant, 10% on furniture and other assets at 20%.

Provide 2% on debtors as doubtful debts after writing off Rs. 21,500 as bad debts. Write off preliminary expenses Rs. 5,000. Provide Rs. 2,40,000 for income tax.

Prepare Final Accounts for X Ltd. on 31.3.2010.