

END TERM EXAMINATION

THIRD SEMESTER [BBA/BBA(TTM)/(MOM)] DECEMBER-2011

Paper Code: BBA/(TTM)/(MOM)209

Subject: Management Accounting

Time : 3 Hours

Maximum Marks :75

Note: Attempt any five questions. All questions carry equal marks.

Q1 Define Management Accounting. Discuss its objectives, scope and limitations.

Q2 The balance sheet of XYZ Ltd. Is given as under for the year ending 31st March, 2011:

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Equity Share Capital	3,00,000	Goodwill	2,00,000
Reserve Fund	1,50,000	Land & building	3,00,000
8% Debentures	2,00,000	Plant & machinery	2,50,000
Mortgage Loan	4,00,000	Patents	50,000
Sundry creditors	50,000	Stock	1,50,000
Bills Payable	25,000	Sundry Debtors	1,00,000
Bank Overdraft	40,000	Bills Receivable	80,000
Outstanding Expenses	10,000	Marketable securities	18,000
Tax Liabilities	15,000	Cash balance	40,000
		Prepaid expenses	2,000
	11,90,000		11,90,000

Purchases are Rs.3,00,000 and sales are Rs.5,00,000. From the information calculate:-

- (a) Current Ratio (b) Acid test Ratio (c) Inventory Turnover Ratio
(d) Average Collection Period (e) Debtors Turnover Ratio
(f) Creditors Turnover Ratio (g) Average Payment Period
(h) On the basis of the above analysis, comment on the cash management of the firm.

Q3 Write short notes on the following:-

- (a) Funds Flow Analysis and its significance.
(b) Construction of Cash Flow Statement.

Q4 The expenses for the production of 5000 units in a factory are given as follows:-

	Per Unit (Rs.)
Material	50
Labour	20
Variable Overhead	15
Fixed Overhead (Rs. 50,000)	10
Administrative Expenses (5% Variable)	10
Selling Expenses (20% fixed)	6
Distribution Expenses (10% fixed)	5
Total cost of sale per unit	116

You are required to prepare a budget for the production of 7000 units.

Q5 The following figures of sales and profits for the two periods are available in respect of a concern:

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

You are required to find out:

- (a) P/V ratio (b) Fixed cost (c) Break even point
(d) Profit at estimated sale of Rs.1,25,000.
(e) Sales required to earn a profit of Rs.20,000.

Q6 What are Standard Costs? Explain material and labour variances with examples.

Q7 What is Responsibility Accounting? Explain different types of responsibility centres. Examine the significance of responsibility accounting.

Q8 Explain the factors to be considered steps in decision making by a firm on following issues:-

- (a) Exploring new markets.
(b) Equipment Replacement.
(c) Shut down or continue operations.
