



SN – 416

V Semester B.B.M. Examination, Nov./Dec. 2014  
(Semester Scheme) (Fresh)  
(2014-15 and Onwards)  
**BUSINESS MANAGEMENT**  
**Paper – 5.5 : Management Accounting**

Time : 3 Hours

Max. Marks : 100

**Instructions:** 1) Answer should be written in **English**.  
2) Working notes should be given **wherever necessary**.

SECTION – A

Answer **any eight** of the following sub-questions. **Each** sub-question carries **2** marks.  
(8×2=16)

1. a) Name any four tools of management accounting.
- b) Give the meaning of comparative statement.
- c) State any four objectives of management reporting.
- d) What are the profitability ratio's ? Name any two.
- e) State any two uses of fund flow analysis.
- f) Mention any two differences between fund flow statement and cash flow statement.
- g) What is contribution ?
- h) What are the objectives of budgetary control ?
- i) If the fixed asset ratio is 1 : 1.5 and value of goods sold is Rs. 5,00,000. Calculate the value of fixed assets.
- j) State any four functions of management accounting.

SECTION – B

Answer **any three** of the following. **Each** question carries **eight** marks. (3×8=24)

2. Explain the role of management accountant.
3. Enumerate the steps involved in drafting a report.

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4. Calculate the trend percentages from the following figures of X Ltd. taking 2009 as the base and interpret them.

Year	(Rs. in lakhs)		
	Sales	Stock	PBT
2009	1880	710	320
2010	2340	780	435
2011	2670	820	460
2012	3020	950	530
2013	3770	1150	670

5. The sales turnover and profit during two years were as follows :

Year	Sales	Profit
2012	1,40,000	15,000
2013	1,60,000	20,000

Calculate :

- P/V Ratio
- BEP
- Sales required to earn a profit of Rs. 40,000
- Fixed expenses

### SECTION - C

Answer Q. No. 10 and any three of the remaining. Each question carries 15 marks.

(4×15=60)

6. Following are the Balance Sheets of 'S' Ltd. for the year ending December 31, 2012 and 2013.

Liabilities	2012		2013		Assets	2012		2013	
Equity share capital	40,000		60,000		Land and Building	27,000		17,000	
Reserves and surplus	31,200		35,400		Plant and Machinery	31,000		78,600	
Debentures	5,000		10,000		Furniture and Fixtures	900		1,800	
Mortgage	15,000		25,500		Other fixed assets	2,000		3,000	



Sundry creditors	25,500	11,700	Long term loan	4,600	5,900
Other current liabilities	700	1,000	Cash in hand	11,800	1,000
			Sundry debtors	20,900	19,000
			Inventory	16,000	13,000
			Prepaid expenses	300	300
			Other current assets	2,900	4,000
	<b>1,17,400</b>	<b>1,43,600</b>		<b>1,17,400</b>	<b>1,43,600</b>

Analyse the financial position of the company with the help of common size Balance Sheet.

7. The gross profit of X Ltd. for the year 2013 is Rs. 80,000. This is  $\frac{1}{4}$ <sup>th</sup> of the year's sales. Out of the total sales  $\frac{3}{4}$ <sup>th</sup> is on credit. The stock turnover is 10 times and average collection period is 15 days (assume 360 days). Total assets turnover is 4 times and long term debt to equity is 50%. Share holders equity is Rs. 40,000. The current ratio is 2 : 1. Find out (1) Credit sales (2) Long term debt (3) Cash in hand (4) Debtors (5) Closing stock (6) Fixed assets and also prepare Balance Sheet of X Ltd. for the year 2013.

8. Following are the summarised Balance Sheets of Sahana Ltd. as on 31<sup>st</sup> December 2012 and 2013.

Liabilities	2012	2013	Assets	2012	2013
Share capital	4,50,000	4,50,000	Fixed assets	4,00,000	3,20,000
General reserve	3,00,000	3,10,000	Investments	50,000	60,000
Profit and loss a/c	56,000	68,000	(non current)		
Creditors	1,68,000	1,34,000	Stock	2,40,000	2,10,000
Provision for taxation	75,000	10,000	Debtors	2,10,000	4,55,000
Mortgage loan	-	2,70,000	Bank	1,49,000	1,97,000
	<b>10,49,000</b>	<b>12,42,000</b>		<b>10,49,000</b>	<b>12,42,000</b>

**Additional Information :**

- Investment costing Rs. 8,000 were sold during the year 2013 for Rs. 8,500.
- Provision for taxation made during the year was Rs. 90,000.
- During the year a part of the fixed assets costing Rs. 10,000 was sold for Rs. 12,000. The profit was included in the profit and loss account.
- Dividend paid during the year amounted to Rs. 40,000.

Prepare a statement showing the sources and application of funds for the year ended 31<sup>st</sup> December 2013.



9. Balance Sheet of X and Y as on 1-1-2013 and 31-12-2013 were as follows.

**Balance Sheet**

<b>Liabilities</b>	<b>1-1-13</b>	<b>31-12-13</b>	<b>Assets</b>	<b>1-1-13</b>	<b>31-12-13</b>
Creditors	40,000	44,000	Cash	10,000	7,000
Mr. X loan	25,000	-	Debtors	30,000	50,000
Loan from Bank	40,000	50,000	Stock	35,000	25,000
Capital	1,25,000	1,53,000	Land	40,000	50,000
			Building	35,000	60,000
			Machinery	80,000	55,000
	<b>2,30,000</b>	<b>2,47,000</b>		<b>2,30,000</b>	<b>2,47,000</b>

During the year machine costing Rs. 10,000 (Accumulated depreciation Rs. 3,000) was sold for Rs. 5,000. The provision for depreciation against machinery as on 1<sup>st</sup> January 2013 and December 2013 were of Rs. 25,000 and Rs. 40,000 respectively. Net profit for the year 2013 amounted to Rs. 45,000.

You are required to prepare cash flow statement.

10. From the following details prepare a cash budget for the three months commencing from 1<sup>st</sup> June 2014 when the bank balance was Rs. 1,00,000.

<b>Month</b>	<b>Sales</b>	<b>Purchases</b>	<b>Wages</b>	<b>Production Expenses</b>	<b>Administration Expenses</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>	<b>(Rs.)</b>	<b>(Rs.)</b>	<b>(Rs.)</b>
April	80,000	41,000	5,600	3,900	10,000
May	76,500	40,500	5,400	4,200	14,000
June	78,500	38,500	5,400	5,100	15,000
July	90,000	37,000	4,800	5,100	17,000
August	95,000	35,000	4,700	6,000	13,000

There is two month credit period allowed to customers and received from suppliers. Wages, production expenses and administrative expenses are payable in the following month.