Assets	31.03.2012	31.03.2013
	₹	₹
Building	5,70,000	5,00,000
Plant and Machinery	3,60,000	3,51,000
Furniture	90,000	81,000
Cash in hand	5,000	8,000
Stock	1,55,000	1,45,000
Debtors	1,80,000	1,60,000
Bills Receivables	4,000	40,000
Investment (long term)	-	2,10,000
	13,64,000	14,95,000

Additional information:

(i) During 2012-13, the company paid 12% dividend on its equity share capital of ₹ 4,00,000

(ii) The shares are of ₹ 100 each fully paid.

(iii) Taxation provision was utilized to the extent of ₹ 30,000 for income tax paid in 2012-13.

(iv) Depreciation was charged on buildings at 5% on plant and machinery at 10% and on furniture at 10% for a full one year.

(v) A building worth ₹70,000 was sold on 1st April, 2012 at ₹60,000 and a new building was constructed at a value of ₹ 25,000 on 31.03.2013.

(vi) A machine was purchased at a cost of ₹ 40,000 on 1st April, 2012 while a machine having a book value of ₹ 10,000 was sold on 1st October, 2012 at ₹ 20,000.

You are required to prepare a funds flow statement.

Roll No.................

BBA-603(O)

BBA (Semester-VI) Examination-2014

Paper: III

Management Accounting

Time: Three Hours] [Maximum Marks: 75

Note: Attempt all the five questions. All questions carry equal marks.

1. Explain the term management accounting. Discuss in details the functions of management accounting.

Or

Explain the nature of management accounting and distinguish it from financial accounting.

2. What do you understand by contribution profit volume ratio and Break-even point? Explain the limitations of Break-even analysis.

Or

Sugandham Ltd. drawn up the following budget for the year 2012-13

	₹
Raw Material	20, 00,000
Labour, stores, power and other variable costs	6, 00,000
Packing and variable distribution costs	4, 00,000
Fixed manufacturing overheads	7, 00,000
Fixed general overheads including selling	3,00,000
Sales revenue @ ₹ 50 per unit	50, 00,000
Budgeted profit	10, 00,000

The general manager suggests to reduce selling price by 5% and expects to achieve an additional volume of 50%. The more intensive manufacturing programme will involve additional costs of ₹ 50,000 for production planning. It also be necessary to open an additional sales office at a cost of ₹1,00,000 per annum. The sales manager on the other hand, suggest to increase selling price by 10% which it is estimated, will reduce sales volume by 10%. At the same time a saving in manufacturing overheads and general overheads of ₹50,000 and ₹1,00,000 p.a. respectively is expected on this reduce volume.

Which of those two proposals would you accept and why?

3. Define budget and budgeting. What are the essential of effective budgeting system? Explain.

Or

The standard cost of one of the products of a company shows the following standards:

Materials	Quantity	Standard price per Kg. (₹)	Total (₹)
X	40 Kg.	75	3000
Y	10 Kg.	50	500
Z	50 Kg.	20	1000

The standard input mix is 100 Kg. and the standard output of the finished product is 90 Kg. The actual results for the period are:

Material Consumed:

A = 2, 40,000 Kg. @ Rs. 80 per Kg.

B = 40,000 Kg. @ Rs. 52 per kg.

C = 2, 20,000 Kg. @ Rs. 21 per Kg.

Actual output of the finished product is 4, 20,000 Kg.

You are required to calculate:

(i) Material Cost Variance
(ii) Material Price Variance
(iii) Material Usage Variance
(iv) Material Mix Variance
(v) Material Yield Variance

4. Define Responsibility Accounting. Discuss its salient features and advantages.

Or

Define inter-firm comparisons; give its advantages and limitations.

5. "A funds flow statement is better substitute for income statement". Discuss and examine its use and significance for management.

Or

The following balance sheets have been prepared from the books of Gold and Silver Ltd. for the years ended on 31st March, 2012 and 31st March, 2013:

Balance Sheet

Liabilities	31.03.2012 ₹	31.03.2013 ₹
Equity Capital	4,00,000	6,00,000
Share premium	1,00,000	1,10,000
General Reserve	2,00,000	2,20,000
Debenture Redemption reserve	1,00,000	1,10,000
Debentures	3,00,000	2,90,000
Provisions for Taxations	40,000	35,000
Secured Loans	2,00,000	1,00,000
Current liabilities	24,000	30,000
	13,64,000	14,95,000