

Roll No.

BBA-603(O)

B. B. A. (Sixth Semester)

EXAMINATION, 2015

(Old Course)

Paper Third

MANAGEMENT ACCOUNTING

Time : Three Hours]

[Maximum Marks : 75

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

1. "Management Accounting is the presentation of accounting information in such a way as to assist management in the creation of policy and the day to day operations of an undertaking." Elucidate this statement and explain the advantages of management accounting.

Or

Extracts from the Financial Accounts of M/s. XYZ Co. Ltd. are given ahead as on 31st March, 2014 :

	Year 2012-13		Year 2013-14	
	Dr. (₹)	Cr. (₹)	Dr. (₹)	Cr. (₹)
Stock	10,000	—	20,000	—
Debtors	30,000	—	30,000	—
Payments in Advance	2,000	—	—	—
Cash in hand	20,000	—	15,000	—
Creditors	—	25,000	—	30,000
Bills Payable	—	15,000	—	12,000
Bank	—	—	—	—
Overdraft	—	—	—	5,000
	62,000	40,000	65,000	47,000

Sales amounted to ₹ 3,50,000 in the year 2012-13 and ₹ 3,00,000 in the year 2013-14.

You are required to comment on the solvency position of the company through accounting ratios.

2. Define budget and budgetary control. What are various types of budgets ? Explain.

Or

M/s. A Ahad & Co. Ltd. have prepared the budget for the production of one lakh units of the only commodity manufactured by them for the year ending on 31st March, 2014 :

	₹ (per unit)
Raw materials	2.52
Direct labour	0.75
Direct expenses	0.10

Factory Overheads (60% fixed)	2.50
Office and Administration Overheads (80% fixed)	0.40
Selling and Distribution Overheads (50% fixed)	0.20

The actual production during the year 2013-14 was only 60000 units. Calculate revised budgeted cost per unit. If the profit is charged @ 20% on sales what shall the revised selling price per unit ?

3. Explain the following terms :

- Contribution
- Profit-volume ratio
- Break-even point
- Margin of safety
- Shut down point

Or

The following are the figures of sales and profit taken from the books of a company for the years 2012-13 and 2013-14 when the cost structure and selling prices remained the same :

Year	Sales (₹)	Profit (₹)
2012-13	1,20,00,000	9,00,000
2013-14	1,40,00,000	13,00,000

You are required to calculate the following :

- Profit volume ratio
- Fixed costs
- Break-even point

- (iv) Margin of safety
- (v) Profit when sales are ₹ 1,00,00,000.
- (vi) Sales required to earn a profit of ₹ 20,00,000.

4. "Setting the standards is a most important mission of standard costing system. These should be set with a greater care and sound judgement." Explain this statement and explain how are material variances calculated.

Or

A manufacturer has specified the following standard cost for a product :

Standard time : 10 hours per unit
Standard cost : ₹ 50 per hour

For the period ending 31st March, 2014 the actual performance was as under :

Production :	1000 Units
Time taken : Production	10400 Hours
Idle time	400 Hours
Total	<u>10800 Hours</u>

Payments made ₹ 5,61,600 (average per hour ₹ 52).

Calculate the following variances :

- (i) Labour rate variance
- (ii) Labour efficiency variance
- (iii) Idle time variance
- (iv) Labour cost variance
- (v) Labour yield variance

5. Distinguish between any two of the following :

- (a) Standard costing and Marginal costing

- (b) Marginal costing and Absorption costing
- (c) Standard costing and Budgetary control
- (d) Cost Accounting and Management Accounting
- (e) Financial Accounting and Cost Accounting
- (f) Cash flow statement and Fund flow statement

Or

The following are the summarised Balance Sheets of M/s. Aruna Limited as on December 31, 2010 and 2011 :

Liabilities	2010 (₹)	2011 (₹)
Share Capital	45,000	45,000
General Reserve	30,000	31,000
Profit & Loss A/c	5,600	6,800
Creditors	16,800	13,400
Provision for Taxation	7,500	1,000
Mortgage Loan	—	27,000
	<u>1,04,900</u>	<u>1,24,200</u>

Assets	2010 (₹)	2011 (₹)
Fixed Assets	40,000	32,000
Investments	5,000	6,000
Stock	24,000	21,000
Debtors	21,000	45,500
Bank	14,900	19,700
	<u>1,04,900</u>	<u>1,24,200</u>

Following additional information is given :

- (i) Investments costing ₹ 800 were sold during the year 2011 for ₹ 850.
- (ii) Provision for tax made during the year was ₹ 900.
- (iii) During the year part of the fixed assets costing ₹ 1,000 was sold for ₹ 1,200, the profit was included in profit and loss account.
- (iv) Dividend paid during the year amounted to ₹ 4,000.

You are required to prepare a cash flow statement.