

Roll No.....

BBA-603

**B. B. A. (Sixth Semester)
EXAMINATION, May, 2013**

Paper Third

MANAGEMENT ACCOUNTING

Time : Three Hours]

[Maximum Marks : 75

Note : Attempt all 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 operation of an undertaking." Elucidate this statement and discuss the managerial use of management accounting.
2. Distinguish between marginal costing and absorption costing methods. Give the advantages and limitations of marginal costing system.

Or

The information given ahead have been taken from the books of M/s. CMF Ltd. for the year ended 31st March, 2012 and 2013 :

P. T. O.

Year	Sales (₹)	Profit (₹)
2011-12	12,00,000	90,000
2012-13	14,00,000	1,30,000

You are required to calculate the following :

- Profit volume ratio
- Fixed costs
- Break-even point
- Margin of safety
- Profit when sales are ₹ 10,00,000
- Sales volume to earn a profit of ₹ 2,00,000.

3. Define standard cost and standard costing. Explain the advantages and limitations of standard costing system.

Or

A company produces a product by using three types of labour viz. skilled labour, semi-skilled labour and unskilled labour. The standard labour hours and standard rates of usages per hour for manufacture of 10 units of finished product are given below :

Skilled labour : 60 hours @ ₹ 25 per hour

Semiskilled labour : 80 hours @ ₹ 20 per hour

Unskilled labour : 100 hours @ ₹ 15 per hour

The actual production has been 90 units and the actual labour hours and actual rates of wages per hour for the month of April 2013 are given below :

Skilled labour : 640 hours @ ₹ 30 per hour

Semiskilled labour : 960 hours @ ₹ 15 per hour

Unskilled labour : 840 hours @ ₹ 20 per hour

You are required to calculate the following labour variances :

- Labour rate variances
- Labour efficiency variance
- Labour mix variance
- Labour yield variance
- Labour cost variance

4. What do you mean by analysis and interpretation of financial statements of a company ? Explain the various financial position ratios.

Or

Following are the Trading & Profit And Loss Account of M/s. Sun Ltd. for the year ended 31st March, 2013 and Balance Sheet as on that date :

Trading and Profit and Loss Account

for the year ended 31st March, 2013

Particulars	Dr. (₹)	Particulars	Cr. (₹)
Opening stock	1,45,000	Sales	7,50,000
Purchases	6,10,000	Closing stock	1,55,000
Gross profit	1,50,000		
	9,05,000		9,05,000
Particulars	Dr. (₹)	Particulars	Cr. (₹)
Sundry Expenses	80,000	Gross Profit	1,50,000
Net profit	70,000		
	1,50,000		1,50,000

As on 31st March, 2013

Liabilities	₹	Assets	₹
Share capital	7,00,000	Fixed Assets	5,50,000
Reserves and Surplus	1,20,000	Current Assets :	
Bank Overdraft	35,000	Stock	1,55,000
Creditors	1,50,000	Debtors	80,000
	10,05,000	Cash at Bank	2,20,000
			10,05,000

You are required to calculate the following ratios giving the purpose of each :

- Current ratio
- Liquidity ratio
- Inventory turnover ratio
- Solvency ratio
- Net profit ratio
- Operating ratio

5. Write short notes on any two of the following :

- Cash flow statement
- Uniform costing
- Types of budgets
- Sales variances
- Profitability ratios

Or

From the following Balance Sheets of M/s. Alpha Ltd. as on 31st March, 2012 and 2013 and additional information

prepare cash flow statement for the year ended 31st March, 2013 :

Liabilities	2012 ₹	2013 ₹
Equity share capital	3,00,000	4,00,000
8% Redeemable preference		
Share capital	1,50,000	1,00,000
Capital Reserve	-	20,000
General Reserve	40,000	50,000
Profit & Loss Account	30,000	48,000
Proposed dividend	42,000	50,000
Sundry Creditors	25,000	47,000
Bills payable	20,000	16,000
Outstanding expenses	30,000	36,000
Provision for Income Tax	40,000	50,000
	6,77,000	8,17,000
Assets	2012 ₹	2013 ₹
Goodwill	1,00,000	80,000
Land and Buildings	2,00,000	1,70,000
Plant and Machinery	80,000	2,00,000
Investments	20,000	30,000
Sundry Debtors	1,40,000	1,70,000
Stock	77,000	1,09,000
Bills receivable	20,000	30,000
Cash in hand	15,000	10,000
Cash at Bank	10,000	8,000
Preliminary expenses	15,000	10,000
	6,77,000	8,17,000

Additional Information :

- (a) A piece of land has been sold in 2012-13 and the profit and sale has been credited to capital reserve.
- (b) A machine has been sold for ₹ 10,000. The written down value of the machine was ₹ 12,000. Depreciation of ₹ 10,000 is charged on plant and machinery account in 2012-13.
- (c) The investments are trade investments. A sum of ₹ 3,000 by way of dividend is received including ₹ 1,000 from pre-acquisition profit which has been credited to investment account.
- (d) An interim dividend of ₹ 20,000 has been paid in 2012-13.