KTM/KS/10/2573/2574

Bachelor of Business Administration (B.B.A.) (Part—II) Examination

MANAGEMENT ACCOUNTING AND FINANCIAL MANAGEMENT

(Old Course)

Paper—V

Time : Three Hours] [Maximum Marks : 80

N.B. :— (1) Attempt any **FIVE** questions.

(2) All questions carry equal marks.

1. Discuss the scope and importance of Management Accounting. How does it different from Financial Accounting ? 16

2. Explain the concept Break even point. What are their assumptions ? 16

3. Given :

Sales : 10,000 units at Rs. 100

Variable Cost : Rs. 5,00,000 for 10,000 units

Fixed Cost : Rs. 3,00,000 or 10,000 units.

Compute the sales in units in following conditions :—

(i) Break even point.

(ii) To earn a profit of Rs. 30 per unit.

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(iii) To earn a profit of 25% of sales.

(iv) To make a loss of 10% of sales. 16

4. From the following balances of Nagpur Co. Ltd. prepare Fund Flow Statement :—

	31st December 2008 (Rs.)	31st December 2009 (Rs.)
Cash	30,000	37,500
Retained Earnings	42,000	55,500
Equity Share Capital	75,000	79,500
Long term debt	21,000	19,500
Accounts Payable	30,000	31,500
Accumulated depreciation	31,500	37,500
Fixed Assets	75,000	87,000
Other Current Assets	12,000	10,500
Bills Receivable	36,000	40,500
Inventories	46,500	48,000

Additional Information :—

(a) Fixed assets costing Rs. 18,000 were Purchased for cash.

(b) Fixed assets which original cost is Rs. 6,000, accumulated depreciation is Rs. 2,250 were sold at book value.

(c) Depreciation for 2009 amounted to Rs. 8,250.

(d) Dividend of Rs. 4,500 was paid during 2009.

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5. Financial statements of a Company are summarised below :—

Trading and Profit & Loss Account
For the year ending 31st March, 2009

Particulars	Rs.	Particulars	Rs.
To Opening Stock	1,65,000	By Sales	9,00,000
To Purchase	7,20,000	By Closing Stock	2,01,000
To Gross Profit	2,16,000		
	11,01,000		11,01,000
To Operating Exp.	99,000	By Gross Profit	2,16,000
To Net Profit	1,17,000		
	2,16,000		2,16,000

Balance Sheet
As on 31st March, 2009

Liabilities	Rs.	Assets	Rs.
Share Capital	7,87,500	Net assets	6,45,000
Reserves and Surplus	55,500	Current assets	—
Profit	96,000	Stock	1,80,000
Bank overdraft	36,000	Debtors	1,35,000
Creditors	2,25,000	At Bank	2,40,000
	12,00,000		12,00,000

Calculate the following ratios :—

(i) Quick ratio

(ii) Current ratio

(iii) Stock turnover ratio

(iv) Gross profit ratio

(v) Debtors turnover ratio. 16

6. Define 'Budget'. Explain the various types and objects of budget. 16

7. Explain the scope and advantages of Financial Management. 16

8. What is management of working capital ? Explain the factors effecting required working capital. 16

9. What are the sources of medium and long term financing ? Explain in detail. 16

10. Write short notes on (any **TWO**) :—

(a) Limitations of Management Accounting

(b) Management of Receivable

(c) Features of short term finance

(d) Stock exchange in India. 8×2

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N.B. :— (1) Attempt total **FIVE** questions atleast **TWO** questions from each Section.

(2) All questions carry equal marks.

SECTION—A

1. Discuss the functions and limitations of Management Accounting. 16

2. Discuss the role of ratio analysis as a tool and technique in Financial Management. 16

3. Given :

Material per unit 500

Labour per unit 600

Variable overhead 50% of labour

Selling price per unit Rs. 2,000

Fixed cost = Rs. 3,00,000.

Calculate :

(i) P.V. Ratio

(ii) B.E.P.

(iii) B.E.P. if discount allowed 10%

(iv) Profit if sale are 20% above B.E.P. 16

4. Balance Sheet of Rahul Company Limited on 31st March, 2008 and 30th March, 2009 is as follows :—

Particulars	2008 (Rs.)	2009 (Rs.)
Land & Building	2,00,000	1,90,000
Plant & Machinery	1,50,000	1,69,000
Stock	50,000	37,000
Debtors	40,000	32,100
Cash in hand	2,500	3,000
Cash at Bank	—	4,000
Goodwill	—	2,500
	4,42,500	4,37,600
Share Capital	2,00,000	2,50,000
General Reserve	25,000	30,000
P/L Account	77,500	36,000
Bank Loan (short term)	50,000	36,600
Creditors	75,000	67,500
Tax Provision	15,000	17,500
	4,42,500	4,37,600

Adjustment :—

(i) In the current year company distributed dividend Rs. 14,000.

(ii) A plant costing Rs. 25,000 purchase during the current year.

(iii) Depreciation charged on Land & Building Rs. 10,000 and on Plant & Machinery Rs. 20,000.

Prepare Fund Flow Statement. 16

5. A manufacturing has a Production capacity of 20,000 units per year. The expenses for the Production of 10,000 units for a period are furnished below :—

	Per Unit Rs.
Material	40
Wages 50% variables	20
Manufacturing exp. 40% fixed	10
Administration exp. fixed	5
Selling and Dist. Exp. 60% fixed	5
Total Cost	80
Profit	20
Selling Price	100

(i) Prepare a flexible budget as 60%, 70%, 90% and 100% levels of activity.

(ii) It is expected that the present unit selling price will remain constant upto 60% activity beyond which 5% reduction in selling price unit will be necessary.

(iii) Above 90% activity level a 10% reduction in original selling price per unit will have to be made. 16

SECTION—B

6. What is Business Finance ? Explain the function of Executive Finance. 16

7. What do you understand by working capital ? State the factors determine the amount of working capital. 16

8. What are the sources of Long-term Finance and explain its advantages. 16

9. Explain in detail Capital Assets Pricing Model. 16

10. Differentiate between Primary and Secondary Market. Explain the functions of Stock Exchange in India. 16