



Name :

Roll No. :

Invigilator's Signature :

CS/BBA(H)/SEM-6/BBA-601/2011

2011

FINANCIAL MANAGEMENT-III

Time Allotted : 3 Hours

Full Marks : 70

The figures in the margin indicate full marks.

Candidates are required to give their answers in their own words as far as practicable.

GROUP – A

(Multiple Choice Type Questions)

1. Choose the correct alternatives for any *ten* of the following :

10 × 1 = 10

- i) Standard costing involves the
 - a) fixation of estimated cost
 - b) determination of standard cost
 - c) setting of budgeted cost
 - d) none of these.

- ii) The difference between actual cost and standard cost is known as
 - a) variance
 - b) profit
 - c) differential cost
 - d) none of these.

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- iii) Standard costing helps in
- a) measuring efficiency
 - b) reducing losses
 - c) controlling prices.
- iv) Which of the following ratio is a ratio of solvency ?
- a) Current ratio
 - b) Gross profit ratio
 - c) Net profit ratio
 - d) All of these.
- v) While preparing funds flow statement an increase in working capital is regarded as ?
- a) Application of funds
 - b) Sources of fund
 - c) Neither application nor source
 - d) All of these.
- vi) Increase in share premium account results in a
- a) source of fund
 - b) application of fund
 - c) no flow of fund.
- vii) The current ratio of a firm is 5 : 3. Its net working capital is Rs. 20,000. The value of its current assets will be
- a) Rs. 30,000
 - b) Rs. 50,000
 - c) Rs. 20,000
 - d) Rs. 60,000.



GROUP – B

(Short Answer Type Questions)

Answer any *three* of the following. $3 \times 5 = 15$

2. How does management accounting differ from financial accounting ?
3. What are the key factors to be taken into consideration while preparing budget ?
4. What information does profit volume graph express ?
5. What do you mean by standard costing ? How does it differ from budgetary control ?
6. Explain the meaning of the term 'fund' used in fund flow statement.

GROUP – C

(Long Answer Type Questions)

Answer any *three* of the following. $3 \times 15 = 45$

7. Fill in the blank for each of the following independent situation :

Situation	P	Q	R
Selling Price Per unit	? (a)	Rs. 50	Rs. 20
Variable cost as % of selling price	60	? (c)	75
Number of units sold	10,000	4,000	? (e)
Contribution	Rs. 20,000	Rs. 80,000	? (f)
Fixed Cost	Rs. 12,000	? (d)	Rs. 1,20,000
Profit/Loss	? (b)	Rs. 20,000	Rs. 30,000



8. A factory is currently working at 50% capacity and produces 20000 unit of mobile handsets. Prepare the flexible budget of the company for 60% and 80% capacity.

At 60% capacity raw materials cost increases by 2% and selling price falls by 2%.

At 80% capacity raw material cost increases by 5% and selling price falls by 5%.

At 50% working the product cost Rs. 1,800 per unit and sold at Rs. 2,000 per unit.

The item wise breakup of unit is as follows :

Raw material	Rs. 1,000
Wages	Rs. 300
Factory overhead	Rs. 240 (50% fixed)
Administrative Overhead	Rs. 200 (50% fixed).

9. Prepare a cash budget for the month of April to June, 2011:

Month	Sales (Rs.)	Materials (Rs.)	Wages (Rs.)	Overheads (Rs.)
February	1,40,000	96,000	30,000	17,000
March	1,50,000	90,000	30,000	19,000
April	1,60,000	92,000	32,000	20,000
May	1,70,000	1,00,000	36,000	22,000
June	1,80,000	1,04,000	40,000	23,000

Credit terms are :-

Sales/Debtors : 10% in cash, 50% credit sales payments for which are collected next month and the balance in the next month.

Creditors : Materials 2 months, wages $\frac{1}{4}$ month, overhead $\frac{1}{2}$ month, cash balance as on 1st April, 2011 Rs. 60,000.

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10. The Balance Sheets of Pink Ltd. as on 31.03.2010 and 31.03.2011 are as follows :



Balance Sheet as on 31.03.2011

Liabilities	31.03.10	31.03.11	Assets	31.03.10	31.03.11
	Rs.	Rs.		Rs.	Rs.
Equity Share Capital	1,00,000	1,50,000	Freehold Property	1,10,000	1,30,000
Share premium	15,000	35,000	Plant & Machinery	1,20,000	1,51,000
Profit & Loss A/c	28,000	70,000	Furniture	24,000	29,000
10% Debenture	70,000	30,000	Stock	37,000	51,000
Secured Loan			Debtors	43,000	44,000
	59,000	54,000	Bank	—	17,000
Creditors	34,000	48,000			
Proposed Dividend	15,000	20,000			
Provision for Taxation	13,000	15,000			
	3,34,000	4,22,000		3,34,000	4,22,000

Additional Information :

- i) Depreciation has been charged on plant and machinery of Rs. 20,000.
- ii) Dividend paid during the year of Rs. 14,000.
- iii) Tax paid during the year of Rs. 16,000
- iv) A part of the machine costing Rs. 70,000, book value Rs. 39,000 was disposed off for Rs. 25,000.

Prepare a fund flow statement for the year 2011.



11. Write short notes on any *three* of the following : 3 × 5

- a) Du-Point chart analysis
- b) Significance of turnover ratio
- c) Tools of management accounting
- d) Zero based budgeting
- e) Absorption costing
- f) Planning and performance budgeting.

