

CS/BBA(H)/Even/Sem-6th/BBA-601/2015



WEST BENGAL UNIVERSITY OF TECHNOLOGY

BBA-601

FINANCIAL MANAGEMENT-III

Time Allotted: 3 Hours

Full Marks: 70

*The questions are of equal value.
The figures in the margin indicate full marks.
Candidates are required to give their answers in their own words as far as practicable.
All symbols are of usual significance.*

**GROUP A
(Multiple Choice Type Questions)**

1. Answer any *ten* questions. 10×1 = 10
- (i) The margin of safety is represented by
- (A) sales-contribution (B) actual sales-break even sales
(C) profit-contribution (D) none of these
- (ii) At break-even point
- (A) total sales = total fixed cost (B) total sales = total variable cost
(C) total sales = total verifiable cost (D) total sales = total cost
- (iii) If sales is Rs. 1,00,000 profit Rs. 10,000 and variable cost is 70%, then P/V ratio is
- (A) 70% (B) 30%
(C) 50% (D) 10%

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- (iv) Labour efficiency variance is expressed as
(A) SR(SH-AH) (B) AR(SH-AH)
(C) SR(AH-SH) (D) AR(AH-SH)
- (v) Standard costing helps in
(A) measuring efficiency (B) reducing losses
(C) increasing profit (D) controlling prices
- (vi) Liquid ratio comprises
(A) CA to CL (B) CA minus stock to CL
(C) CA to liquid liabilities (D) None of these
- (vii) Increase in share premium account results in a
(A) source of fund (B) application of fund
(C) income (D) rise of profit
- (viii) Cash flow statement is prepared as per
(A) AS-1 (B) AS-2
(C) AS-3 (D) AS-4
- (ix) A high debt equity ratio indicates
(A) high equity in relation to debt
(B) high short term debt in relation to debt
(C) high risk
(D) none of these
- (x) Production budget is a
(A) functional budget (B) expenditure budget
(C) master budget (D) none of these
- (xi) The current ratio of a firm is 5:3. its net working capital is Rs. 20,000. The value of current assets will be
(A) Rs. 30,000 (B) Rs. 50,000
(C) Rs. 20,000 (D) Rs. 60,000

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GROUP B
(Short Answer Type Questions)

Answer any *three* questions.

3×5 = 15

2. From the following information calculate
(i) Current Assets (ii) Current Liabilities (iii) Inventory
Current Ratio = 2.8
Liquid Ratio = 1.5
Working Capital = Rs. 90,000
3. Differentiate between standard costing and budgetary control.
4. Auto parts Ltd, has an annual production of 90,000 units for a motor component. The component cost structure is as below

	Rs.
Materials	270 per unit
Labour (25% fixed)	180 per unit
Expenses:	
Variable	90 per unit
Fixed	135 per unit
Total	676 per unit

The purchase manager has an offer from a supplier who is willing to supply the component at Rs.540. Should the component be purchased from outside or manufactured internally.

5. What do you mean by planning and performance budgeting?
6. What is meant by a responsibility center? Identify the responsibility center of a management college.

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GROUP-C
(Long Answer Type Questions)

Answer any *three* questions.

3×15 = 45

7. Following is the balance sheet of AB Ltd. for the year ended 2013 and 2014. Prepare a cash flow statement for 2014

LIABILITIES	2013(Rs.)	2014(Rs.)	ASSET	2013(Rs.)	2014(Rs.)
Equity Share Capital	2,00,000	2,50,000	Goodwill	50,000	45,000
9% Preference Capital	60,000	40,000	Land & building	80,000	55,000
Capital Reserve		10,000	Plant & Machinery	90,000	1,60,000
General Reserve	15,000	20,000	Furniture	12,000	10,000
P & L A/c	25,000	40,000	Trade Investment	10,000	45,000
Sundry Creditor	28,000	52,000	S/Debtors	32,000	25,000
Bills Payable	8,000	10,000	Stock	64,000	45,000
O/expenses	4,000	3,000	B/Receivable	10,000	35,000
Proposed Dividend	18,000	25,000	Cash in hand	10,000	25,000
Provision for taxation	20,000	24,000	Cash at bank	15,000	26,000
			Preliminary expenses	5,000	3,000
Total	3,78,000	4,74,000	Total	3,78,000	4,74,000

- (i) An interim dividend of Rs. 10,000 has been paid in 2014.
 - (ii) Rs. 2,000 has been received as dividend on trade investments.
 - (iii) A price of land has been sold out in 2014 and remaining has been revalued, profit on sale and revaluation being transferred to capital reserve.
 - (iv) Depreciation on plant and machinery has been written off Rs. 15,000 in 2014 and no depreciation has been charged on land and building.
 - (v) A machinery was sold for Rs. 18,000 (wdv being Rs. 20,000) and no furniture has been sold during the year 2014.
8. Hyundai Motor India Ltd. is planning to implement a standard costing system in their Sriperumbudur plant. List the variance with logical analysis they may require to assess the performance of the plant.

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9. From the following particular prepare a monthly Cash budget for the quarter ended 31st March 2015 15

Month(Rs.)	Sales(Rs.)	Purchase(Rs.)	Wages(Rs.)	expenses(Rs.)
November	50,000	10,000	20,000	4,000
December	60,000	20,000	20,000	4,000
January	40,000	30,000	22,000	5,000
February	50,000	20,000	22,000	5,000
March	60,000	10,000	24,000	5,000

Other information

- (i) Cash in hand as on 1st January 2015 Rs. 20,000
 - (ii) Credit allowed to debtors on an average 1 month. But 50% debtors will make payment on the due date while the rest will make payment one month there after.
 - (iii) Credit from Creditors: 2 months.
 - (iv) Wages to be paid twice in a month on the 1st and 16th respectively.
 - (v) Expenses are generally paid within the month.
 - (vi) A part of plant costing Rs. 10,000 will be installed in March on payment of 25% of the cost in addition to the installation cost of Rs.500.
10. The expenses budgeted for production of 10,000 units in a factory is furnished below 15

	Per Unit (Rs.)
Direct Material	70
Direct Labor	25
Variable Production Overhead	20
Fixed Production Overhead (Rs. 1,00,000)	10
Direct Expenses	5
Selling Expenses (10% fixed)	13
Distribution Expenses (20% fixed)	7
Administration Expenses (Rs. 50,000 fixed)	5
Total Cost of Sales per unit	155

Prepare a Flexible budget for production of (a) 6,000 units and (b) 8,000 units (showing distinctly Marginal Cost and Total Cost).

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

3×5

- (a) Angle of incidence
- (b) Absorption costing system
- (c) Tools of management accounting
- (d) Semi variable cost
- (e) Cash Flow Statement.