



V Semester B.B.A. Examination, March 2023
(CBCS) (F+R) (2016 – 17 and Onwards)
BUSINESS ADMINISTRATION
Paper – 5.4 : Management Accounting

Time : 3 Hours

Max. Marks : 70

Instruction : Answer should be written in **English** only.

SECTION – A

I. Answer **any five** sub-questions. **Each** carries **two** marks. (5×2=10)

- 1) a) What do you mean by Budgetary control ?
- b) List any four objectives of management accounting.
- c) Differentiate between fixed and flexible budget. Give two points.
- d) Define cash flow statement.
- e) Mention any four techniques or tools of financial analysis.
- f) State any 4 assumptions of Marginal Costing.
- g) Which ratios are used to test the short-term liquidity of a company ?

SECTION – B

II. Answer **any three** questions. **Each** carries **six** marks. (3×6=18)

- 2) Determine the cost of goods sold from the following :

Current Liabilities ₹ 6,00,000, Current Ratio 2, Liquid Ratio 1.5 and Inventory turnover ratio 6 times.

- 3) "Management Accounting is a decision making system". Comment.
- 4) Explain the importance of contribution in Marginal costing.
- 5) The sales and profit during two years are

Year	Sales (₹)	Profit (₹)
2020	2,80,000	20,000
2021	3,20,000	30,000

Calculate :

- a) P/V ratio
- b) BEP
- c) Margin of safety.



6) ACC Cement presents requires you to calculate funds from operation :

Profit and Loss Account

Particulars	Amount (₹)	Particulars	Amount (₹)
To Operation expenses	1,00,000	By Gross profit	2,00,000
To Depreciation	40,000	By gain on sale of plant	20,000
To Loss on sale of buildings	10,000		
To Advertisement suspense A/c	5,000		
To Discount (allowed to customers)	500		
To Discount on	500		
issue of shares written off			
To Goodwill written off	12,000		
To net profit	52,000		
	2,20,000		2,20,000

SECTION – C

III. Answer any three questions. Each carries fourteen marks. (3×14=42)

7) From the following prepare a funds flow statement and a statement showing changes in working capital.

Balance Sheet of Young India Ltd.

Liabilities	Amount (₹)		Assets	Amount (₹)	
	2020	2021		2020	2021
Sundry creditors	39,500	41,135	Cash at bank	2,500	2,700
Bills payable	33,780	11,525	Sundry debtors	87,490	73,360
Bank overdraft	59,510	—	Stock	1,11,040	97,370
Provision for taxation	40,000	50,000	Plant and machinery	1,12,950	1,16,200
Reserves	50,000	50,000	Land and buildings	1,48,500	1,44,250
Profit and Loss A/c	39,690	41,220	Goodwill	—	20,000
Share capital	2,00,000	2,60,000			
	4,62,480	4,53,880		4,62,480	4,53,880

Additional information :

- During the year 2021, an interim dividend of ₹ 26,000 was paid.
- The assets of another company were purchased for ₹ 60,000 payable in fully paid shares of the company. The assets consisted of stock ₹ 22,000, Machinery ₹ 18,000 and goodwill ₹ 20,000.
- The purchase of plant for cash ₹ 5,600 was made during the year 2021.
- Tax paid during 2021 was ₹ 25,000
- The net profit for the year 2021 before tax was ₹ 62,530



- 8) The summarized Balance Sheet of Murthy Traders Ltd. For the year ended 31-3-2020 is given below.

Liabilities	Amount (₹)	Assets	Amount (₹)
Equity share capital	70,000	Fixed asset at cost	1,05,000
Reserves and surplus	35,000	Current assets :	
Profit and Loss A/c	10,000	Stock	12,500
Provision for tax	5,000	Debtors	15,000
Sundry creditors	20,000	Cash	7,500
	1,40,000		1,40,000

The following further particulars are also given for the year

Sales ₹ 60,000

Net Profit After Tax (PAT) = ₹10,000.

Calculate the following :

- 1) Current ratio.
 - 2) Liquid ratio
 - 3) NP ratio
 - 4) Proprietary ratio
 - 5) Debtors turnover ratio
 - 6) Stock turnover ratio
 - 7) Average collection period
 - 8) Return on equity.
- 9) The expenses for budgeted production of 10000 units in a factory is given below :
- | | |
|------------------------------|---------------|
| Materials | ₹ 50 per unit |
| Labour | ₹ 20 per unit |
| Variable OH | ₹ 10 per unit |
| Fixed OH | ₹ 50,000 |
| Direct expenses | ₹ 2 per unit |
| Selling expenses (10% fixed) | ₹ 10 per unit |
| Administration expenses | ₹ 40,000 |
- Prepare a flexible budget for the production of 8000 units.



- 10) Following are the Balance Sheet of Vijay and Sons.

Liabilities	2019	2020	Assets	2019	2020
Sundry Creditors	36,000	41,000	Cash	4,000	3,600
Loan from partner	—	20,000	Debtors	35,000	38,400
Loan from bank	30,000	25,000	Stock	25,000	22,000
Capital	1,48,000	1,49,000	Land	20,000	30,000
			Building	50,000	55,000
			Machinery	80,000	86,000
	2,14,000	2,35,000		2,14,000	2,35,000

During the year ₹ 26,000 paid as dividend. The provision made for depreciation against machinery as on 1-1-2019 was ₹ 27,000 and on 31-12-2019 ₹ 36,000.

Prepare a cash flow statement.

- 11) An Industry Reports the following information for two consecutive years.

Particulars	2020	2021
Sales	1,40,000	1,60,000
Profit	15,000	20,000

Calculate

- 1) PV Ratio
- 2) Variable cost for 2 years
- 3) Fixed cost
- 4) BEP in ₹
- 5) Sales to earn a profit of ₹ 40,000
- 6) Profits when sales are ₹ 1,20,000
- 7) Margin of safety.