Graphic Era HILL UNIVERSITY
Established by an Act of the State Legislature of Uttarakhand (Adhiniyam Sankhya 12 of 2011)
University under section 2(f) of UGC Act, 1956

End Term (Even) Semester Examination May-June 2025

Roll no..............................

Name of the Program and semester: **Bachelor of Business Administration, Semester: IVth**
Name of the Course: Management Accounting
Course Code: BBA 403

Maximum Marks: 100

Time: 3 hours

Note:
(i) All the questions are compulsory.
(ii) Answer any two sub questions from a, b and c in each main question.
(iii) Total marks for each question is 20 (twenty).
(iv) Each sub-question carries 10 marks.

Q1. (2X10=20 Marks)

a. What do you understand by Management Accounting? How does it differ from cost Accounting? CO1

b. Differentiate between Cost Control and Cost Reduction. CO2

c. From the estimates of income and expenditure, prepare cash budget for the months from April to June. CO5

Month	Sales Rs	Purchases Rs	Wages Rs	Office Exp. Rs	Selling Exp. Rs
Feb	1,20,000	80,000	8,000	5,000	3,600
Mar	1,24,000	76,000	8,400	5,600	4,000
Apr	1,30,000	78,000	8,800	5,400	4,400
May	1,22,000	72,000	9,000	5,600	4,200
June	1,20,000	76,000	9,000	5,200	3,800

1. Plant worth Rs. 20,000 purchase in June 25% payable immediately and the remaining in two equal installments in the subsequent months
2. Advance payment of tax payable in Jan and April Rs 6,000
3. Period of credit allowed

- By suppliers 2 months
- To customers 1 month

4. Dividend payable Rs.10,000 in the month of June
5. Delay in payment of wages and office expenses 1 month and selling expenses ½ month. Expected cash balance on 1st April is Rs. 40,000.

Q2. (2X10=20 Marks)

a. What do you understand by Budgetary control? Describe briefly the characteristics of good budgetary control system. CO2

b. Explain the nature and importance of Cost Volume Profit relationship. Discuss its relationship with budgeting. CO2

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CO5

c.

Raj co. Ltd has prepared following budget estimates for the year 2022-2023:

Sales Units 15,000	Sales Value Rs 1,50,000
Fixed expenses Rs 34,000	Variable costs Rs 6 per unit

You are required to find out:

(i) P/V Ratio, Break-even point and Margin of safety

(ii) Calculate the revised P/V Ratio, BEP and Margin of safety in each of the following cases:

(a) Decrease of 10% in selling price

(b) Increase of 10% in variable cost

(c) Increase of sales volume by 2,000 units

(d) Increase of 6,000 in fixed cost

(2X10=20 Marks)

Q3.

a. What is Make or Buy decision? How can marginal costing help make decisions on such a matter? CO1

b. From the following information, Find out (i) Sales (ii) Closing Stock (iii) Sundry Debtors and (iv) Sundry Creditors. CO5

Gross Profit ratio	25%
Debtors Turnover ratio	4 Months
Stock Turnover ratio	4 times
Creditors turnover ratio	6 months

Closing stock is Rs 10,000 more than the opening stock. Bills receivable amount to Rs 65,000 and Bills payable Rs 80,000. Cost of goods sold for the year is Rs 9,00,000

c. Prepare a cost statement and determine profit from the following information: CO5

	Rs
Consumable Materials:	10,000
Opening stock	85,000
Purchases	4,000
Closing Stock	20,000
Direct wages	10,000
Other Direct charges	100% of Labour
Factory Overheads	10% of works cost
Office Overheads	Rs 2 per Unit sold
Selling and Distribution expenses	
Units of finished Product:	1,000(Value Rs 16,000)
In hand at the beginning of the period	10,000
Produced during the period	2,000
In hand at the end of the period	

Also find out the selling price per unit on the basis that profit margin is uniformly made to yield a profit of 20 percent of the selling price. There was no work in progress either at the beginning or at the end of the period.

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(2X10=20 Marks)

Q4.
a. "Cash flow statement plays a vital role in the management of cash in a company." Elaborate this statement and discuss the utility of cash flow statement. CO2

b. CO5

For the production of 10,000 Electrical Automatic Irons the following are budgeted expenses:

	Per Unit (Rs)
Direct Material	60
Direct Labour	30
Variable overheads	25
Fixed overheads (Rs 1,50,000)	15
Variable overheads (Direct)	5
Selling Expenses (10% Fixed)	15
Administrative expenses (Rs 50,000 fixed at all levels)	5
Distribution expenses (20% Fixed)	5
Total cost of Sale per unit	160

Prepare a budget for Production of 6,000, 7,000 and 8,000 Irons showing distinctly Marginal cost and Total Cost.

c. The comparative Balance sheet of S& S Ltd are given Below: CO5

Liabilities	2023	2024	Assets	2023	2024
Share Capital	3,50,000	3,70,000	Cash	45,000	39,000
Debentures	60,000	30,000	Book Debts	74,500	88,500
Creditors	51,800	59,200	Stock	2,46,000	2,13,500
B.D.Reserve	3,500	4,000	Land	1,00,000	1,50,000
P&L account	50,200	52,800	Goodwill	50000	25,000
	5,15,500	**5,16,000**		**5,15,500**	**5,16,000**

Additional Information:
(i) Debentures to the extent of Rs 30,000 were repaid.
(ii) Dividend Paid Rs 17,500
(iii) Land was purchased for Rs 50,000
(iv) Amount provided for the amortization of goodwill amounted to Rs 25,000

From the above, Prepare Cash Flow Statement.

(2X10=20 Marks)

Q5.
a. Describe the principal ratios which you consider significant to judge the following: CO2
(i) Activity (ii) Solvency (iii)Liquidity.

b. What do you understand by the analysis and interpretation of financial statements? Discuss its utility and significance to the management and others who are interested in the business concern. CO1

c. Convert the following Income Statement into common size Income statement and in the light of the conditions in 2023, interpret the changes in 2024. CO5

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	2023	2024
Gross Sales	15300	18360
Less: Sales returns and Allowances	(300)	(350)
= Net Sales	**15000**	**18010**
Less: Cost of Sales	9,100	10,125
= Gross Profit on Sales	**5,900**	**7,885**
Operating Expenses: Sales Expenses Administrative Expenses **Total Expenses**	3,000 1,500 **4.500**	3,300 1,700 **5,000**
Income from Operations	1,400	2,885
Other Incomes	150	200
Total Income	**1,550**	**3,085**
Other Expenses	200	300
Net Income for the Year	**1,350**	**2,785**