

B.B.A. Part-III (Semester-VI) Examination
MANAGEMENT ACCOUNTING

Paper : BBA/601

Time : Three Hours]

[Maximum Marks : 80

Note :— All questions are compulsory.

SECTION—A

(Multiple Choice Question)

1. _____ accounting becomes a source of information for management accounting.
(a) Financial (b) Corporate
(c) Company (d) Business
2. Cost accounting becomes a source of information for _____ accounting.
(a) Management (b) Company
(c) Financial (d) Corporate
3. _____ accounting provides financial information to the executives.
(a) Corporate (b) Cost
(c) Management (d) Financial
4. _____ is not a feature of management accounting.
(a) Cause & Effect (b) Decision Making
(c) Forecasting (d) Internal Management
5. _____ is the point where sales revenue and total cost line intersect.
(a) Break-Even Point (b) Liquid Ratio
(c) Profit Margin Point (d) Sale-Price Intersection
6. _____ of a firm is not the limitation of ratio analysis.
(a) Data Incompatibility (b) Only Monetary Considerations
(c) Determining Liquidity (d) Ignore Non-Monetary Consideration
7. Break-Even point is affected by the change in _____.
(a) Sale price per unit (b) Units sold
(c) Total Revenue (d) Total Cost

8. _____ is equal to liquid assets divided by Current Liabilities.
- (a) Cost Ratio (b) Liquid Ratio
(c) Sales Ratio (d) Profit Ratio
9. _____ is prepared on the basis of Balance Sheets of previous and current year.
- (a) Financial Statement (b) Profit & Loss Statement
(c) Other Statements (d) Fund Flow Statement
10. Fund flow statement is vital for organization's _____ assessment.
- (a) Financial (b) Potential
(c) Liquidity (d) Transparency
11. _____ statement is prepared to identify changes in working capital.
- (a) Fund Flow (b) Cash
(c) Profit & Loss (d) Current Assets
12. Source of funds does not include _____.
- (a) Issuing Shares (b) Issuing Bonus Share
(c) Public Deposits (d) Retained Earnings
13. _____ method cannot be used for preparation of Cash Budget.
- (a) Liquid Ratio (b) Adjusted Profit & Loss
(c) Balance Sheet (d) Fund Flow Statement
14. _____ is not a functional budget.
- (a) Sales Budget (b) Production Budget
(c) Project Budget (d) Cost Budget
15. _____ is not a long-term budget.
- (a) Capital Expenditure Budget (b) Research & Development Budget
(c) Finance Budget (d) Cash Budget
16. _____ Budget is on different activity levels.
- (a) Cash (b) Finance
(c) Flexible (d) Capital
17. _____ is prepared for a definite period.
- (a) Budget (b) Statement
(c) Liquid Ratio (d) Plan

18. Budget has a limitation of lack of _____.
 (a) Accuracy (b) Exactness
 (c) Flexibility (d) All of these
19. A budget is a plan of action expressed in both _____ terms.
 (a) Internal & External (b) Cash & Credit
 (c) Financial & Non-financial (d) Debit & Credit
20. The Flexible Budget amount is added to the _____ Budget variance to calculate the actual result.
 (a) Fixed (b) Constant
 (c) Flexible (d) Cash

20×1=20

SECTION—B

1. Difference between Management Accounting v/s Financial Accounting.

OR

Define concept of Management Accounting.

2. You obtain the following data from the cost records of X. Ltd. :

Years	Rs.	Rs.
2022	1,00,000	80,000
2023	1,20,000	90,000

Calculate P/V Ratio.

OR

Calculate Gross Profit Ratio from the following figures :

Sales (Gross) — Rs. 3,30,000; Sales Return — Rs. 10,000; Net Profit After Interest — Rs. 75,000; Indirect Expenses — Rs. 10,000; Interest Paid on Debentures — Rs. 15,000.

3. The Balance Sheet of Bright Ltd. At the end of 2005 and 2006 are as follows :

	2005 (Rs.)	2006 (Rs.)
Liabilities :		
Pref. Share Capital	70,000	75,000
Equity Share Capital	1,30,000	1,75,000
Creditors	1,00,000	70,000
P & L A/c	20,000	30,000
Total	3,20,000	3,50,000

	2005 (Rs.)	2006 (Rs.)
Assets :		
Plant & Machinery	50,000	60,000
Furniture & Fixture	20,000	75,000
Stock	80,000	50,000
Debtors	70,000	85,000
Cash	1,00,000	80,000
Total	3,20,000	3,50,000

You are required to prepare a Statement of Working Capital Changes and a Statement of fund-flow from the above data.

OR

Explain the meaning of Fund Statement.

4. Meaning and concept of cash budgeting.

OR

Prepare a Cash Budget of Sonal Company for April, May and June 2017 from the information :

Months 2017	Sales Rs.	Purchase Rs.	Wages Rs.	Exp. Rs.
January	40,000	22,500	20,000	2,500
February	40,000	20,000	9,000	3,000
March	37,500	21,000	11,000	3,000
April	45,000	25,000	12,000	3,500
May	42,500	22,500	10,000	3,000
June	40,000	17,500	9,000	2,500

You are given further information that :

- (1) Cash & Bank Balance as on April, 1st was Rs. 10,000.
- (2) 20% of Sales are in Cash, remaining amount is collected in the month following that of Sales.
- (3) Suppliers supply goods at two month credit.
- (4) Wages are paid half-monthly and rent of Rs. 250 included in expenses is paid monthly.

5. Prepare Flexible Budget at 75% and 100% capacity level from the following :

Variable Cost → at 50% capacity

Material 3,00,000

Labour 2,00,000

Direct Exp. 50,000

Total 5,50,000

Fixed Cost :

Salary 1,20,000

Depreciation 80,000

Total 2,00,000

Possible Sales at various levels are :

Capacity Sales (Rs.)

75% 12,00,000

100% 15,40,000

OR

Explain any two definitions of Budgetary Control.

5×4=20

SECTION—C

1. Explain meaning of Management Accounting with its practical implementation.

OR

What are the scope and functions of Management Accounting ?

2. You are requested to report to top management of Eastern India Engineering Company the point of Sale in terms of Rupees volume to break-even : for the purpose, you obtained that :

(1) Fixed overheads remain constant Rs. 12,000.

(2) Variable costs will rise from zero to Rs. 12,000.

(3) Selling price is Rs. 600 per ton.

(4) The Tonnage produced and sold is 30 tons.

OR

Calculate :

(i) Gross Profit Ratio

(ii) Net Profit Ratio

(iii) Operating Expense Ratio

(iv) Operating Profit Ratio

(v) Given Net Sales Rs. 12,00,000.

P & L A/c

To Salary	1,80,000	By Gross Profit	9,10,000
To Establishment Exp. written off	2,35,000	By Interest on Investment	1,68,000
To Selling Expenses	1,40,000		
To Bad Debt	1,60,000		
To Administrative Exp.	1,82,000		
To N/P	1,81,000		
	10,78,000		10,78,000

3. The comparative Balance Sheets of Z Ltd. as at years ended 2022 and 2023 were as follows :

	2023 (Rs.)	2022 (Rs.)
Assets :		
Cash	11,200	8,500
Accounts Receivable	21,300	23,500
Stock	35,000	30,000
Sinking fund investment	16,000	12,000
Land	10,000	10,000
Building	60,000	60,000
Furniture & Fixture	8,000	7,000
Total	1,61,500	1,51,600
Liabilities :		
Accounts payable	15,000	18,000
Notes Payable	10,000	7,500
Loan on mortgage	40,000	40,000
Capital	50,000	45,000
Sinking fund	16,000	12,000
Retaining earning	13,950	16,275
Provision D/D	1,350	1,425
<i>Accumulated Depreciation :</i>		
Building	12,000	9,000
Furniture & Fixture	3,200	2,400
Total	1,61,500	1,51,600

You are given the following more information :

(1) The Net Profit for the year 2023 amounted to Rs. 6,675.

(2) A Dividend amounting to Rs. 5,000 was paid during the year.

Prepare the statement of sources and uses of funds of accounting for the changes in Working Capital separately.

OR

Explain concept of Fund Flow Statement with its advantages and uses.

4. Jexex Ltd. a newly started company wishes to prepare Cash Budgets from January to 6 months periods; the following estimated Revenue and Expenses are given for the purpose :

Month	Sales	Material	Wages overhead	Production overhead	Selling Exp.
January	20,000	20,000	4,000	3,200	800
February	22,000	14,000	4,000	3,300	900
March	28,000	14,000	4,600	3,400	900
April	36,000	22,000	4,600	3,500	1,000
May	30,000	20,000	4,000	3,200	900
June	40,000	25,000	5,000	3,600	1,200

(1) Cash balance on 1st January was Rs. 10,000. A new machinery is to be installed at Rs. 20,000 on credit to be repaid by two equal installments in March and April.

(2) Sales commission @ 5% on total sale is to be paid within a month following actual sales.

(3) Rs. 10,000 being the amount of second call may be received in March; share premium amounting to Rs. 2,000 is also obtainable with the second call.

(4) Terms of collection and payments :

(i) Periods of credit allowed by creditors — 2 months

(ii) Period of credit allowed to customers — 1 month

(iii) Delays in payment of overhead — 1 month

(iv) Delays in payment of wages — 1/2 months

(v) Assume cash sales to be 50% of total mark.

OR

Write the various types of Budget.

5. Objectives of Budgetary Control and Limitation of Budgetary Control.

OR

The cost of product at a capacity level of 5000 units is given under 'A' below for a variable of 20% in capacity above or below this level, the individual expenses vary as indicated under 'B' below :

Particulars	'A' Rs.	'B' Rs.
(1) Materials Cost	25,000	100% varying
(2) Labour Cost	15,000	100% varying
(3) Power	1,250	80% varying
(4) Repair & Maintenance	2,000	75% varying
(5) Stores	1,000	100% varying
(6) Inspections	500	20% varying
(7) Deprecation	10,000	100% varying
(8) Administration overhead	5,000	25% varying
(9) Selling overhead	3,000	50% varying

Total Cost : 62,750

Cost per unit : 12.55

Find the unit cost of the product under each individual expenses at production level of 4000 units and 6000 units.

5×8=40