



GN-376

102733

V Semester B.B.A. Examination, December - 2019

(CBCS) (F+R) (2016-17 & Onwards)

BUSINESS ADMINISTRATION

5.4 : MANAGEMENT ACCOUNTING

Time : 3 Hours

Max. Marks : 70

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

SECTION - A

1. Answer **any five** sub-questions. Each sub-question carries **two** marks. **5x2=10**

- (a) Define Management Accounting.
- (b) Name any 4 tools of Management Accounting.
- (c) What is Ratio analysis ?
- (d) What is Contribution ?
- (e) State any 4 assumptions of Marginal Costing.
- (f) What do you mean by flexible budget ?
- (g) Given :

(Gross Profit) G/P ratio 20% on sales,

Amount of sales for the year is ₹ 5,00,000

Opening stock is ₹ 70,000 and

Closing stock is ₹ 1,20,000

Calculate Stock Turnover Ratio.

SECTION - B

Answer **any three** questions. Each question carries **six** marks.

3x6=18

2. Briefly explain the advantages and disadvantages of Ratio Analysis.

P.T.O.



3. The Sales and Profit during two years were as follows :

| Years | Sales (₹) | Profit (₹) |
|-------|-----------|------------|
| 2016 | 2,80,000 | 20,000 |
| 2017 | 3,20,000 | 30,000 |

Calculate :

- P/V ratio
 - BEP
 - Sales required to earn a profit of ₹ 40,000
4. Prepare a statement of changes in Working Capital from the following :

| | 2016 (₹) | 2017 (₹) |
|----------------------------|----------|----------|
| Sundry Debtors | 40,000 | 60,000 |
| Sundry Creditors | 30,000 | 35,000 |
| Bank Overdraft | 7,000 | 5,000 |
| O/S Expenses | 11,000 | 9,000 |
| O/S Income | 5,000 | 7,000 |
| Expenses paid in Advance | 4,000 | 6,000 |
| Income received in Advance | 8,000 | 3,000 |
| Stock | 10,000 | 12,000 |
| Cash | 14,000 | 20,000 |

5. Mention any six differences between Financial Accounting and Management Accounting.
6. Apple limited has prepared budget for the production of 1,00,000 units of a product for a costing period as under :

| | Per Unit (₹) |
|--------------------------|-------------------|
| Raw materials | 10.00 |
| Direct labour | 3.00 |
| Direct Expenses | 0.40 |
| Works Overheads | 10.00 (60% fixed) |
| Selling Overheads | 1.60 (80% fixed) |
| Administration Overheads | 0.80 (50% fixed) |
| Total cost per unit | 25.80 |

Actual production in the period was only 60,000 units.
Prepare Flexible Budget for the production of 60,000 units and 1,00,000 units.

**SECTION - C**

Answer **any three** questions from the following. Each question carries **3x14=42** **fourteen** marks.

7. From the following information, complete the Profit and Loss account and Balance sheet as on 31.12.2013 for Divya Limited.

| | |
|-------------------------------|---------------|
| Gross profit ratio | : 20% |
| Net profit ratio | : 15% |
| Sales/Stock ratio | : 6 |
| Fixed assets/Current assets | : 2/2 |
| Fixed assets / Capital | : 3/2 |
| Capital/ Outsider Liabilities | : 2/4 |
| Closing stock | : ₹ 3,00,000 |
| Fixed Assets | : ₹ 20,00,000 |

| Trading and P/L A/c | | | | Balance Sheet | | | |
|---------------------|-----|----------|-----|----------------------------|-----|----------------------------|-----|
| | ₹ | | ₹ | Capital xxx + Profit xx | xxx | F.A | xxx |
| To COGS | xxx | By Sales | xxx | Outside Liabilities | xxx | C.Assets | xxx |
| To G/P | xx | | | | | Stock | xxx |
| | xxx | | xxx | | | Other Current Assets | xxx |
| To Expenses | xxx | By G/P | xxx | | xxx | | xxx |
| To N/P | xxx | | | | | | |
| | xxx | | xxx | | | | |

8. Following is the B/s of Modern industries as on 31.12.2017 and 2018.

| Liabilities | 2017 | 2018 | Assets | 2017 | 2018 |
|-------------------|------------------|------------------|----------------------------|------------------|------------------|
| Share Capital | 4,00,000 | 5,00,000 | Fixed Assets | 5,00,000 | 7,00,000 |
| General Reserve | 1,00,000 | 1,50,000 | Investments | 2,00,000 | 1,80,000 |
| P/L A/c | 1,00,000 | 1,50,000 | Stock | 1,50,000 | 1,00,000 |
| 10% Debentures | 2,00,000 | 2,00,000 | Debtors | 1,20,000 | 2,00,000 |
| Depn. Provision | 1,50,000 | 2,00,000 | Cash | 25,000 | 95,000 |
| Provision for tax | 40,000 | 50,000 | Underwriting Commission | 10,000 | 5,000 |
| Creditors | 15,000 | 30,000 | | | |
| | 10,05,000 | 12,80,000 | | 10,05,000 | 12,80,000 |

P.T.O.



The following transactions took place during the year 2018 :

- (a) Dividends paid ₹ 40,000
- (b) Income Tax paid ₹ 50,000
- (c) There was a profit on sale of Investments ₹ 10,000
- (d) A machinery costing ₹ 50,000 on which there was accumulated depreciation of ₹ 40,000 was sold for ₹ 20,000

Prepare :

- (i) Statement showing changes in Working Capital
- (ii) Fund Flow statement.

9. N' Ltd., provided the B/s as on 31.03.2016 and 2017 as follows :

| Liabilities | 2016 (₹) | 2017 (₹) | Assets | 2016 (₹) | 2017 (₹) |
|--------------------|-----------------|-----------------|---------------------------|-----------------|-----------------|
| Share Capital | 5,00,000 | 5,00,000 | Land and Building | 3,50,000 | 4,00,000 |
| P/L A/c | 40,000 | 1,00,000 | P/M (Plant and Machinery) | 2,70,000 | 2,50,000 |
| Loan | 1,70,000 | 1,20,000 | Goodwill | 50,000 | 35,000 |
| S. Creditors | 25,000 | 33,000 | Stock | 35,000 | 65,000 |
| Prov'n. for Tax'n | 40,000 | 50,000 | Debtors | 30,000 | 20,000 |
| Unclaimed Dividend | - | 7,000 | Accrued Interest | 10,000 | - |
| | | | Cash | 30,000 | 40,000 |
| | 7,75,000 | 8,10,000 | | 7,75,000 | 8,10,000 |

Adjustments :

- (i) Net Profit after providing ₹ 80,000 for depreciation is ₹ 1,10,000
- (ii) Dividend declared during the year is @ 10%
- (iii) Income Tax paid for the year is ₹ 35,000
- (iv) Depreciation for Land and Building is ₹ 60,000 and P/M (Plant and Machinery) is ₹ 20,000

Prepare Cash flow statement.

10. The profit earned by a Company is 25% on sales during 2006 and it is 30% on sales during 2007. If the sales for 2006 is ₹ 2,00,000 and 2007 is ₹ 3,00,000. Find out :

- (i) P/V ratio
- (ii) BEP
- (iii) Expected sales to earn a profit of ₹ 1,00,000
- (iv) The profit for sales of ₹ 5,00,000



11. The information regarding the expenses of a Company at 50% capacity is as follows :

| | | ₹ |
|---------------------------|-------------------------|----------|
| Fixed Expenses | Salary | 1,10,000 |
| | Rent | 30,000 |
| | Administrative Exps | 70,000 |
| | Depreciation | 45,000 |
| Variable Exps | Material | 24,000 |
| | Labour | 66,000 |
| | Others | 36,000 |
| Semi-Variable Exps | Indirect Labour | 50,000 |
| | Repairs and Maintenance | 40,000 |
| | Electricity | 20,000 |

The Estimated sales at various level of capacity are :

₹ 5,00,000 @ 40% capacity

₹ 6,25,000 @ 50% capacity

₹ 7,50,000 @ 60% capacity

₹ 8,75,000 @ 70% capacity

The Fixed Exps will remain same till 100% capacity, Semi-variable Expenses remain constant till 50% capacity. It will increase by 10% between 50% and 65% capacity and further increased by 5% above 65% capacity.

Prepare a Flexible Budget and Calculate the profit at various levels of capacities (40%, 50%, 60% and 70%).

- o o o -