

IV Semester B.B.A. Examination, August/September 2023

(NEP Scheme)

BUSINESS ADMINISTRATION

Paper – 4.1 : Management Accounting

Time : 2½ Hours

Max. Marks : 60

Instruction : Answers should be written in English only.

SECTION – A

Answer any six of the following sub-questions. Each sub-question carries 2 marks. (6×2=12)

1. a) What is management accounting ?
- b) What is a flexible budget ?
- c) Give any 2 current assets and 2 current liabilities.
- d) What is meant by shareholders funds ?
- e) State any two advantages of Ratio analysis.
- f) What is Budgetary control ?
- g) What are investing activities ?
- h) List out any 2 sources of funds for a company.

SECTION – B

Answer any three of the following questions. Each question carries 4 marks. (3×4=12)

2. Write any 4 differences between management accounting and financial accounting.

3. From the following information, calculate Trend percentages. Use 2018 as the base.

| Year | 2018 | 2019 | 2020 | 2021 |
|----------------------|--------|-------|--------|--------|
| Net Sales | 100.00 | 95.00 | 120.00 | 130.00 |
| Cost of goods sold | 60.00 | 58.00 | 69.60 | 72.80 |
| Gross profit | 40.00 | 36.10 | 50.40 | 57.20 |
| Operating expenses | 10.00 | 9.70 | 11.00 | 12.00 |
| Net operating profit | 30.00 | 26.40 | 39.40 | 45.20 |

4. Current liabilities of a company are ₹ 3,00,000. Its current ratio is 3 : 1 and quick ratio 1 : 1. Calculate the current assets and value of stock in trade.
5. Prepare statement of changes in working capital.

| Particulars | 31 st Dec. 2020 | 31 st Dec. 2021 |
|----------------------------------|----------------------------|----------------------------|
| Assets : | | |
| Cash in hand | 35,000 | 75,000 |
| Accounts receivable | 98,000 | 90,000 |
| Stock | 87,000 | 1,20,000 |
| Land | 20,000 | 30,000 |
| Long Term Investments | 15,000 | 10,000 |
| | 2,55,000 | 3,25,000 |
| Capital and Liabilities : | | |
| Equity capital | 1,25,000 | 1,50,000 |
| Accounts payable | 70,000 | 1,00,000 |
| General reserve | 60,000 | 75,000 |
| | 2,55,000 | 3,25,000 |

6. Calculate cash from operating activities from the following.

| | 31 st March | |
|-------------------------|------------------------|----------|
| | 2021 (₹) | 2022 (₹) |
| Profit and Loss Account | 60,000 | 65,000 |
| Debtors | 85,000 | 48,000 |
| Bills Receivable | 40,000 | 81,000 |
| General Reserve | 1,72,000 | 2,07,000 |
| Wages Outstanding | 26,000 | 8,000 |
| Salaries Prepaid | 8,000 | 10,000 |
| Goodwill | 70,000 | 60,000 |

SECTION – C

Answer any three of the following questions. Each question carries 12 marks. (3×12=36)

| 7. Liabilities | 2020 ₹ | 2021 ₹ | Assets | 2020 ₹ | 2021 ₹ |
|--------------------|-----------------|-----------------|-------------------|-----------------|-----------------|
| Equity capital | 3,00,000 | 4,00,000 | Goodwill | 1,15,000 | 90,000 |
| Preference capital | 1,50,000 | 1,00,000 | Land and Building | 2,00,000 | 1,70,000 |
| General Reserve | 40,000 | 70,000 | Plant | 80,000 | 2,00,000 |
| P and L Account | 30,000 | 48,000 | Debtors | 1,60,000 | 2,00,000 |
| Proposed dividend | 42,000 | 50,000 | Stock | 77,000 | 1,09,000 |
| Creditors | 55,000 | 83,000 | Bills Receivable | 20,000 | 30,000 |
| Bills payable | 20,000 | 16,000 | Cash in hand | 15,000 | 10,000 |
| Provision for Tax | 40,000 | 50,000 | Cash at Bank | 10,000 | 8,000 |
| | 6,77,000 | 8,17,000 | | 6,77,000 | 8,17,000 |

Prepare Comparative Balance Sheet and comment.

8. Calculate the following ratios from the given Balance sheet :

- i) Current ratio
- ii) Fixed Assets to Net worth Ratio
- iii) Debt-Equity Ratio
- iv) Return on capital employed.

Balance Sheet

| Liabilities | ₹ | Assets | ₹ |
|---------------------------------|-----------------|----------------------|-----------------|
| 600 Equity shares of ₹ 100 each | 60,000 | Land | 40,000 |
| General Reserve | 35,000 | Plant | 20,000 |
| Equalisation Reserve | 5,000 | Machines | 27,500 |
| Long Term Loans | 20,000 | Investments | 25,000 |
| Bills Payable | 30,000 | Inventories | 30,000 |
| Provision for tax | 5,000 | Bills Receivable | 13,500 |
| P and L A/C : | | Cash at Bank | 12,000 |
| Balance | 1,000 | Preliminary Expenses | 8,000 |
| Current year | 20,000 | | 21,000 |
| | 1,76,000 | | 1,76,000 |

9. From the following Balance Sheets of Popoye Ltd. as on 31st Dec. 2020 and 2021, prepare :

- Statement of changes in working capital
- Funds flow statement.

Working notes are to be shown.

| Liabilities | 2020 | 2021 | Assets | 2020 | 2021 |
|---|-----------------|-----------------|------------------|-----------------|-----------------|
| | ₹ | ₹ | | ₹ | ₹ |
| Equity share capital | 2,00,000 | 2,50,000 | Bank | 35,000 | 16,000 |
| 12% Debentures | 1,00,000 | 80,000 | Stock | 40,000 | 75,000 |
| 10% Preference share capital | 50,000 | 80,000 | Bills Receivable | 20,000 | 50,000 |
| Public Deposits | 20,000 | 30,000 | Debtors | 70,000 | 1,00,000 |
| Loans | 50,000 | 80,000 | Machinery | 75,000 | 60,000 |
| Reserves | 20,000 | 25,000 | Furniture | 10,000 | 8,000 |
| P and L A/C | 50,000 | 60,000 | Land | 1,70,000 | 2,80,000 |
| Provision for depreciation on machinery | 10,000 | 15,000 | Buildings | 1,40,000 | 99,000 |
| Proposed Dividend | 20,000 | 25,000 | Goodwill | 30,000 | 25,000 |
| Creditors | 40,000 | 50,000 | | | |
| Bills payable | 30,000 | 18,000 | | | |
| | 5,90,000 | 7,13,000 | | 5,90,000 | 7,13,000 |

Additional Information :

- Depreciation charged during 2021 was ₹ 4,000 on Furniture, ₹ 12,000 on Machinery and ₹ 20,000 on Buildings.
- Redemption of debentures was made at 10% premium.
- Part of machinery was sold for ₹ 15,000 at a loss of Rs. 4,000.
- During 2021, interim dividend ₹ 10,000 and Income tax ₹ 5,000 was paid.

10. The balance sheets of Tom and Jerry Ltd. as on 31st December 2021 and 2022 are given below :

| Assets : | 2013 (₹) | 2014 (₹) |
|-------------------------------------|-----------------|-----------------|
| Cash Balances | 50,000 | 60,000 |
| Trade Debtors | 75,000 | 1,00,000 |
| Inventory | 1,40,000 | 1,20,000 |
| Land | 1,00,000 | 80,000 |
| Plant and Machinery | 2,00,000 | 2,50,000 |
| Total | 5,65,000 | 6,10,000 |
| Liabilities and Capital : | | |
| Trade Creditors | 30,000 | 40,000 |
| Debentures | 1,50,000 | 90,000 |
| Provision for depreciation on plant | 60,000 | 80,000 |
| Equity share capital | 2,00,000 | 2,40,000 |
| Retained earnings | 1,25,000 | 1,60,000 |
| Total | 5,65,000 | 6,10,000 |

Cash dividends of ₹ 25,000 have been paid during the year.

Prepare a cash flow statement on Indirect basis.

11. Draw up a flexible budget for overhead expenses on the basis of the following data and determine overhead rates at 70%, 80% and 90% plant capacity.

| Particulars | At 80% capacity |
|-------------------------------------|------------------------|
| Variable Overheads : | |
| Indirect labour | 12,000 |
| Stores including spares | 4,000 |
| Semi-variable overheads : | |
| Power (30% fixed, 70% variable) | 20,000 |
| Repairs (60% fixed, 40% variable) | 2,000 |
| Fixed overheads : | |
| Depreciation | 11,000 |
| Insurance | 3,000 |
| Salaries | 10,000 |
| Total Overheads | 62,000 |
| Estimated direct labor hours | 1,24,000 hrs. |
