

V Semester B.B.A. Examination, Nov./Dec. 2017  
 (CBCS) (16-17 and Onwards) (F+R)  
**BUSINESS ADMINISTRATION**  
**5.4 : Management Accounting**

Time : 3 Hours

Max. Marks : 70

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

## SECTION – A

Answer **any five** sub-questions, **each** sub-question carries **two** marks : (5×2=10)

1. a) State the two objectives of Management Accounting.
- b) Define Ratio Analysis.
- c) If Current Ratio is 3 : 1, Quick ratio is 1 : 1 and current liabilities are Rs. 1,80,000. Find Quick Assets.
- d) What is meant by Funds Flow Statement ?
- e) State the essence of AS-3.
- f) Calculate FC from the following data : Sales Rs. 10,00,000, Contribution – 25% on sales and Profit – 10% of variable cost.
- g) What is meant by Flexible Budget ?

## SECTION – B

Answer **any three** questions, **each** question carries **six** marks. (3×6=18)

2. Briefly explain the functions of Management Accounting.
3. What is Budgetary Control ? State the objectives of Budgetary Control ?
4. Given : Current Ratio : 1.4, Liquid Ratio : 1, Stock turnover ratio : 8, Gross Profit ratio : 20% and Sales for the year 12,00,000. Calculate Working Capital.
5. From the following details calculate 'Funds from Operations' for the year ending 31-3-2016.  
 Profit for the year ending 31-3-2015 : Rs. 40,000  
 Profit for the year ending 31-3-2016 : Rs. 60,000  
 For the year ending 31-3-2016.

P.T.O.



Provision for dividend was made to the extent of Rs. 1,00,000.

Transfer to Reserve Fund amounted to Rs. 80,000

Depreciation written off was Rs. 50,000

Loss on sale of old machinery amounted to Rs. 1,00,000 was debited to P&L A/c.

Sale of investment resulted in a profit of Rs. 6,000, which was taken to P&L A/c.

Sale of furniture resulted in a profit of Rs. 6,000, which was taken to P&L A/c.

A Commission of Rs. 8,000 received on a non-trading activity was credited to P&L A/c.

6. The following are the Sales and Profits for two periods are given below, you are required to find out :

a) P/V Ratio and

b) BEP

Sales for 2015 : Rs. 8,00,000 and for 2016 : Rs. 10,00,000

Profit for 2015 : Rs. 40,000 and for 2016 : Rs. 1,00,000

### SECTION - C

Answer any three questions from the following questions. Each question carries fourteen marks. (3×14=42)

7. From the following particulars extracted from the books of Century Company Limited, compute the following ratios :

a) Current Ratio

b) Acid Test Ratio

c) Stock Turnover Ratio

d) Debtors Turnover Ratio

e) Creditors Turnover Ratio and

f) Average Collection period.

Particulars	1-4-2015	31-3-2016
	Rs.	Rs.
B/R	30,000	60,000
B/P	60,000	30,000
Sundry Debtors	1,20,000	1,50,000
Sundry Creditors	75,000	1,05,000
Stock-in-Trade	96,000	1,44,000

**Additional information :**

- a) On 31-3-2016 there were Assets : Building Rs. 2,00,000, Cash in hand Rs. 1,20,000, Cash at Bank Rs. 96,000
- b) Cash Purchase Rs. 1,38,000 and Purchase returns were Rs. 18,000
- c) Cash Sales Rs. 1,50,000 and sales returns were Rs. 6,000.
- d) Rate of Gross Profit 25% on sales and actual Gross Profit was Rs. 1,50,000.
8. From the following Balance Sheets of Bharadwaj Company Ltd., as at 31-3-2015 and 2016 prepare a) A schedule of changes in working capital and b) Funds flow statement.

Liabilities	2015	2016	Assets	2015	2016
	Rs.	Rs.		Rs.	Rs.
Share Capital	2,25,000	2,25,000	Fixed Assets	2,00,000	1,60,000
General Reserve	1,50,000	1,55,000	Investment	25,000	30,000
P&L Account	28,000	34,000	Stock	1,20,000	1,05,000
Creditors	84,000	67,000	Debtors	1,05,000	2,27,500
Provision for Tax	37,500	5,000	Cash at Bank	74,500	98,500
Mortgage Loan	-	1,35,000			
<b>Total</b>	<b>5,24,500</b>	<b>6,21,000</b>	<b>Total</b>	<b>5,24,500</b>	<b>6,21,000</b>

**Additional information :**

- a) Dividend paid during the year 2016 was Rs. 20,000.
- b) During 2016, a part of fixed assets costing Rs. 5,000 was sold for Rs. 6,000
- c) Provision for Taxation made during the year 2016 was Rs. 45,000
- d) Investments costing Rs. 4,000 were sold during the year 2016 for Rs. 4,250
9. Bhagheerathy Company Ltd., provides you the following Balance Sheets, you are required to prepare Cash-flow Statement as per AS-3

Liabilities	2015	2016	Assets	2015	2016
	Rs.	Rs.		Rs.	Rs.
Equity Share Capital	2,50,000	3,75,000	Cash	75,000	37,500
Long-term loans	1,25,000	1,25,000	Stock	1,50,000	2,37,500
Creditors	1,87,500	2,50,000	Debtors	1,00,000	1,50,000
Bills payable	2,50,000	3,75,000	Goodwill	2,50,000	1,87,500
Retained Earnings	2,25,000	2,50,000	P&M	1,25,000	2,50,000
			L&B	2,50,000	5,00,000
			Furniture	87,500	12,500
<b>Total</b>	<b>10,37,500</b>	<b>13,75,000</b>	<b>Total</b>	<b>10,37,500</b>	<b>13,75,000</b>


**Additional information :**

- 1) Depreciation Rs. 1,00,000 and Goodwill written off Rs. 62,500 during 2016
- 2) Net profit for the year 2016 was Rs. 1,25,000
- 3) Rs. 1,00,000 dividend was paid during 2016
- 4) Equity shares were issued for cash Rs. 1,25,000
- 5) Furniture was sold for Rs. 75,000
- 6) Plant and Machinery was purchased for Cash Rs. 1,75,000 and Land and Building for Rs. 3,25,000
- 7) A Machine has been sold for Rs. 18,750. The written down value of the machine was Rs. 50,000 and Rs. 25,000 depreciation is charged on the same in 2016.

10. From the following :

- a) Compute BEP in value and units when the selling price per unit Rs. 150, variable cost per unit Rs. 90 and fixed cost Rs. 6,00,000.
- b) What will be the selling price per unit if i) BEP brought down to 8000 unit ?  
ii) BEP up to 12000 units.

11. The expenses budgeted for the production of 10,000 units are furnished below :

Particulars	Rs. per unit
Material	140
Labour	50
Variable Expenses (Direct)	10
Variable Overheads	40
Fixed Overheads (Rs. 2,00,000)	20
Administration expenses (Rs. 1,00,000)	10
Selling expenses (10% fixed)	26
Distributing expenses (20% fixed)	14
<b>Total cost</b>	<b>310</b>

Prepare a flexible budget for 8,000 units and 12,000 units. Assume that the administrative expenses remain fixed at all levels.