



QP – 365

V Semester B.B.A. Examination, March/April 2022
(CBCS) (F + R) (2016 – 17 and 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** question carries **two** marks. **(5×2=10)**
- Recall the meaning of management accounting from your memory.
 - Cite any two limitations of management accounting.
 - Which ratios are used to test the short-term liquidity of a company ?
 - Outline the rule of 'Flow of fund'.
 - Define cash flow statement.
 - Name any two formulaes to calculate 'contribution'.
 - Differentiate between fixed and flexible budget. Give two points.

SECTION – B

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

- Describe in brief the scope of management accounting.
- Explain briefly any three profitability ratios.
- Prepare a statement of sources and application of funds from the following details.
 - A Co. issued 1000 shares of ₹ 100 each at a premium of ₹ 20 per share and duly received.
 - The company redeemed preference shares of ₹ 1,00,000 at a premium of ₹ 10,000.
 - Investments are sold for ₹ 50,000
 - Sale of machinery during the year ₹ 30,000
 - Purchase of fixed assets ₹ 1,20,000
 - Dividend paid ₹ 40,000 and tax paid ₹ 35,000
 - Increase in working capital ₹ 60,000
 - Closing balance of P/L A/c ₹ 45,000

P.T.O.



5. From the following calculate cash from operations :

P/L A/c for the year ended 31-3-2020

Particulars	(₹ '000)	Particulars	(₹ '000)
To Salaries	5,000	By Gross profit	25,000
To Rent	1,000	By Profit on sale of land	5,000
To Depreciation	2,000	By Income tax refund	3,000
To loss on sale of plant	1,000		
To Goodwill written off	4,000		
To Proposed dividend	5,000		
To Provision for tax	5,000		
To Net profit	10,000		
	33,000		33,000

6. From the following information calculate :

- Gross profit ratio
- Net operating profit ratio
- Net profit ratio

Net sales ₹ 5,00,000

Admin expenses ₹ 8,000

COGS ₹ 3,50,000

Interest income ₹ 5,000

Selling expenses ₹ 12,000

Loss on the sale of old machine ₹ 12,000

SECTION – C

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

7. Prepare a Balance Sheet from the particulars furnished here under :

Stock velocity	6
Gross profit margin	20%
Capital turnover ratio	2
Fixed assets turnover ratio	4
Debt collection period	2 months
Creditors payment period	73 days
Gross profit was	₹ 60,000

Excess of closing stock over opening stock was ₹ 5,000. Difference in Balance Sheet represents Bank balance. The entire sales and purchases are made on credit basis.



8. Following are the summarised B/S of TCS Ltd. as on 31-3-2019 and 31-3-2020.

Capital and liabilities	2019 (₹)	2020 (₹)	Assets	2019 (₹)	2020 (₹)
Share capital	4,50,000	4,50,000	Fixed Assets	4,00,000	3,20,000
G. Reserve	3,00,000	3,10,000	Investment		
P/L A/c	56,000	68,000	(Non-current)	50,000	60,000
Creditors	1,68,000	1,34,000	Stock	2,40,000	2,10,000
Provision for tax	75,000	10,000	Debtors	2,10,000	4,55,000
Mortgage loan	-	2,70,000	Bank	1,49,000	1,97,000
	10,49,000	12,42,000		10,49,000	12,42,000

Additional information :

- 1) Investment costing ₹ 8,000 were sold during the year 2020 for ₹ 8,500
- 2) Provision for taxation made during the year ₹ 90,000.
- 3) During the year part of the fixed assets costing ₹ 10,000 was sold for ₹ 12,000. The profit was included in the P/L A/c.
- 4) Dividend paid during the year amounted to ₹ 40,000.

Prepare a statement showing the sources and application of funds for the year ended 31-3-2020.

9. The budgeted expenses for the production of 10000 units in a factory are furnished below:

	Per unit (₹)
Material	70
Labour	25
Variable OH	20
Fixed OH (₹ 1,00,000)	10
Direct variable OH	5
S and D expenses (20% fixed)	20
Administrative expenses (₹ 50,000 rigid for all levels of production)	5
	155

Prepare a budget for the production of 8000 units.

10. Company A and company B, both under the same management, make and sell the same type of product. Their budgeted P/L Account for June 2020 are as under :

	Company 'A'		Company 'B'	
	(₹)		(₹)	
Sales		3,00,000		3,00,000
Less : VC	2,40,000		2,00,000	
FC	<u>30,000</u>	<u>2,70,000</u>	<u>70,000</u>	<u>2,70,000</u>
		30,000		30,000



You are required to :

- Calculate BEP for each company.
- Calculate the sales volume at which each of the two companies will make a profit of ₹ 10,000.
- Assess how their profitability will change with increase or decrease in sales volume by 10%.

11. Following are the summarised B/S of a company Ltd., as on 31-3-2019 and 31-3-2020.

Capital and liabilities	31-3-2019	31-3-2020
	(₹)	(₹)
Share capital	5,00,000	5,00,000
General reserve	1,50,000	1,25,000
P/L A/c	76,500	76,250
Term loan	1,55,000	1,75,000
S. Creditors	2,31,250	2,75,000
Provision for taxation	76,250	84,250
	11,89,000	12,35,500
Assets and property		
Premises	4,75,000	5,00,000
Machinery	4,22,500	3,75,000
Equipments	40,500	45,000
Stock	74,000	1,00,000
S. Debtors	1,60,000	2,00,000
Cash	7,000	3,000
Bank	10,000	-
Goodwill	-	12,500
	11,89,000	12,35,500

Additional Information :

- Interim dividend paid ₹ 25,000.
 - Depreciation on premises is provided at 5%.
 - Machinery of ₹ 75,000 was acquired during the year.
 - Income tax provision for the year was ₹ 75,000.
- Prepare cash flow statement as per AS-3.