

**V Semester B.B.A. Examination, March 2023  
(CBCS) (F+R) (2016 – 17 and Onwards)  
BUSINESS ADMINISTRATION  
Paper – 5.4 : Management Accounting**

Time : 3 Hours

Max. Marks : 70

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

**SECTION – A**

- I. Answer **any five** sub-questions. **Each** carries **two** marks. **(5×2=10)**
- 1) a) What do you mean by Budgetary control ?
  - b) List any four objectives of management accounting.
  - c) Differentiate between fixed and flexible budget. Give two points.
  - d) Define cash flow statement.
  - e) Mention any four techniques or tools of financial analysis.
  - f) State any 4 assumptions of Marginal Costing.
  - g) Which ratios are used to test the short-term liquidity of a company ?

**SECTION – B**

- II. Answer **any three** questions. **Each** carries **six** marks. **(3×6=18)**
- 2) Determine the cost of goods sold from the following :  
Current Liabilities ₹ 6,00,000, Current Ratio 2, Liquid Ratio 1.5 and Inventory turnover ratio 6 times.
  - 3) "Management Accounting is a decision making system". Comment.
  - 4) Explain the importance of contribution in Marginal costing.
  - 5) The sales and profit during two years are

Year	Sales (₹)	Profit (₹)
2020	2,80,000	20,000
2021	3,20,000	30,000

**Calculate :**

- a) P/V ratio
- b) BEP
- c) Margin of safety.



6) ACC Cement presents requires you to calculate funds from operation :

**Profit and Loss Account**

Particulars	Amount (₹)	Particulars	Amount (₹)
To Operation expenses	1,00,000	By Gross profit	2,00,000
To Depreciation	40,000	By gain on sale of plant	20,000
To Loss on sale of buildings	10,000		
To Advertisement suspense A/c	5,000		
To Discount (allowed to customers)	500		
To Discount on issue of shares written off	500		
To Goodwill written off	12,000		
To net profit	52,000		
	<b>2,20,000</b>		<b>2,20,000</b>

**SECTION – C**

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

7) From the following prepare a funds flow statement and a statement showing changes in working capital.

**Balance Sheet of Young India Ltd.**

Liabilities	Amount (₹)		Assets	Amount (₹)	
	2020	2021		2020	2021
Sundry creditors	39,500	41,135	Cash at bank	2,500	2,700
Bills payable	33,780	11,525	Sundry debtors	87,490	73,360
Bank overdraft	59,510	–	Stock	1,11,040	97,370
Provision for taxation	40,000	50,000	Plant and machinery	1,12,950	1,16,200
Reserves	50,000	50,000	Land and buildings	1,48,500	1,44,250
Profit and Loss A/c	39,690	41,220	Goodwill	–	20,000
Share capital	2,00,000	2,60,000			
	<b>4,62,480</b>	<b>4,53,880</b>		<b>4,62,480</b>	<b>4,53,880</b>

**Additional information :**

- During the year 2021, an interim dividend of ₹ 26,000 was paid.
- The assets of another company were purchased for ₹ 60,000 payable in fully paid shares of the company. The assets consisted of stock ₹ 22,000, Machinery ₹ 18,000 and goodwill ₹ 20,000.
- The purchase of plant for cash ₹ 5,600 was made during the year 2021.
- Tax paid during 2021 was ₹ 25,000
- The net profit for the year 2021 before tax was ₹ 62,530

- 8) The summarized Balance Sheet of Murthy Traders Ltd. For the year ended 31-3-2020 is given below.

Liabilities	Amount (₹)	Assets	Amount (₹)
Equity share capital	70,000	Fixed asset at cost	1,05,000
Reserves and surplus	35,000	Current assets :	
Profit and Loss A/c	10,000	Stock	12,500
Provision for tax	5,000	Debtors	15,000
Sundry creditors	20,000	Cash	7,500
	<b>1,40,000</b>		<b>1,40,000</b>

The following further particulars are also given for the year

Sales ₹ 60,000

Net Profit After Tax (PAT) = ₹10,000.

Calculate the following :

- 1) Current ratio.
  - 2) Liquid ratio
  - 3) NP ratio
  - 4) Proprietary ratio
  - 5) Debtors turnover ratio
  - 6) Stock turnover ratio
  - 7) Average collection period
  - 8) Return on equity.
- 9) The expenses for budgeted production of 10000 units in a factory is given below :

Materials	₹ 50 per unit
Labour	₹ 20 per unit
Variable OH	₹ 10 per unit
Fixed OH	₹ 50,000
Direct expenses	₹ 2 per unit
Selling expenses (10% fixed)	₹ 10 per unit
Administration expenses	₹ 40,000

Prepare a flexible budget for the production of 8000 units.



10) Following are the Balance Sheet of Vijay and Sons.

<b>Liabilities</b>	<b>2019</b>	<b>2020</b>	<b>Assets</b>	<b>2019</b>	<b>2020</b>
Sundry Creditors	36,000	41,000	Cash	4,000	3,600
Loan from partner	–	20,000	Debtors	35,000	38,400
Loan from bank	30,000	25,000	Stock	25,000	22,000
Capital	1,48,000	1,49,000	Land	20,000	30,000
			Building	50,000	55,000
			Machinery	80,000	86,000
	<b>2,14,000</b>	<b>2,35,000</b>		<b>2,14,000</b>	<b>2,35,000</b>

During the year ₹ 26,000 paid as dividend. The provision made for depreciation against machinery as on 1-1-2019 was ₹ 27,000 and on 31-12-2019 ₹ 36,000.

Prepare a cash flow statement.

11) An Industry Reports the following information for two consecutive years.

<b>Particulars</b>	<b>2020</b>	<b>2021</b>
Sales	1,40,000	1,60,000
Profit	15,000	20,000

**Calculate**

- 1) PV Ratio
- 2) Variable cost for 2 years
- 3) Fixed cost
- 4) BEP in ₹
- 5) Sales to earn a profit of ₹ 40,000
- 6) Profits when sales are ₹ 1,20,000
- 7) Margin of safety.