



**GN-376**

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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 :

- (i) P/V ratio
  - (ii) BEP
  - (iii) 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			
To COGS	xxx	By Sales	xxx	+ Profit xx	xxx	F.A	xxx
To G/P	xx			Outside		C.Assets	xxx
	xxx		xxx	Liabilities	xxx	Stock	xxx
To Expenses	xxx	By G/P	xxx			Other	
To N/P	xxx					Current	xxx
	xxx		xxx		xxx	Assets	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			
	<b>10,05,000</b>	<b>12,80,000</b>		<b>10,05,000</b>	<b>12,80,000</b>



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
	<b>7,75,000</b>	<b>8,10,000</b>		<b>7,75,000</b>	<b>8,10,000</b>

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 :

		₹
<b>Fixed Expenses</b>	: Salary	1,10,000
	Rent	30,000
	Administrative Exps	70,000
	Depreciation	45,000
<b>Variable Exps</b>	: Material	24,000
	Labour	66,000
	Others	36,000
<b>Semi-Variable Exps</b>	: 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% ).