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V Semester B.B.A. Examination, March/April 2021
(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** sub-question carries **two** marks. (5×2=10)
- What do you mean by management accounting ?
 - List any four functions of management accounting.
 - Mention any four techniques or tools of financial analysis
 - What do you mean by variable cost ?
 - What do you mean by ratio analysis ?
 - What do you mean by budgetary control ?
 - Annual credit sales ₹ 25,000, Returns ₹ 1,000, Debtors ₹ 3,000, Bills receivables ₹ 1,000.

Findout 'Debtors Turnover Ratio'.

SECTION – B

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

- Explain briefly the scope of management accounting.
- Explain briefly any three profitability ratios.



4. After taking into consideration the following items, Jain Ltd., made a net profit of ₹ 1,00,000 for the year ended 31st March 2016.

	₹
Loss on sale of machinery	10,000
Depreciation on buildings	4,000
Depreciation on machinery	5,000
Preliminary expenses written off	5,000
Provision for taxation	10,000
Goodwill written off	5,000
Gain on sale of building	8,000

Calculate "Cash from operations".

5. From the following details, determine the P/V ratio for each product and also for the company.

Product	Sales Revenue (₹)	Variable cost (₹)	Contribution (₹)
A	10,00,000	8,00,000	2,00,000
B	15,00,000	3,00,000	12,00,000
C	5,00,000	2,50,000	2,50,000
	30,00,000	13,50,000	16,50,000
		Less : Fixed cost	8,50,000
		Operating profit	8,00,000



6. The cost details obtained from financial records of Hubli Ltd. for the production of 500 units are given below :

Particulars	Per unit (₹)
Materials	80
Labour	60
Variable overhead	30
Selling and distribution expenses (20% fixed)	20
Administrative expenses (40% fixed)	30
Fixed overhead (₹ 7,500)	30
Selling cost per unit	250

You are required to prepare “flexible budget” for the production of :

- a) 700 units
- b) 900 units.

SECTION – C

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

7. The following is the Balance Sheet of Santosh Ltd :

Liabilities	₹	Assets	₹
Equity share capital	6,00,000	Buildings	4,00,000
General reserve	3,50,000	Machinery	2,00,000
Dividend equalisation reserve	50,000	Furniture	2,75,000
Debentures	1,60,000	Investment (Long term)	2,50,000
Long term loans	40,000	Stock	3,00,000
Creditors	2,00,000	Bills receivables	1,35,000
Bills payable	1,00,000	Bank	1,20,000
Provision for tax	50,000	Preliminary expenses	80,000
Profit and Loss A/c	2,10,000		
	17,60,000		17,60,000



You are required to calculate :

- 1) Current ratio
 - 2) Liquid ratio
 - 3) Net working capital
 - 4) Fixed assets to networth
 - 5) Debt equity ratio
 - 6) Return on capital employed
 - 7) Return on equity.
8. Following are the summarized Balance Sheets of 'X' Ltd. as on 31st Dec. 2017 and 2018 :

Liabilities	2017	2018	Assets	2017	2018
	₹	₹		₹	₹
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 receivables	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
Profit and Loss 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 :**

- 1) Depreciation charged during 2018 was ₹ 4,000 on furniture, ₹ 12,000 on machinery and ₹ 20,000 on building.
- 2) Redemption of debentures was made at 10% premium.
- 3) Part of machinery was sold for ₹ 15,000 at a loss of ₹ 4,000.
- 4) During 2018 interim dividend was paid ₹ 10,000 and income tax was paid ₹ 5,000.

Prepare :

- 1) Statement of changes in working capital.
 - 2) Funds flow statement.
9. From the following Balance Sheet of ABC Ltd., for the year ending 31-12-2017 and 31-12-2018, prepare cash flow statement.

Liabilities	2017	2018	Assets	2017	2018
	₹	₹		₹	₹
Equity share capital	2,15,000	2,75,000	Goodwill	—	20,000
Reserves	40,000	40,000	Plant and machinery	1,12,950	1,16,200
Profit and loss A/c	39,690	41,220	Land and building	1,48,500	1,44,250
Provision for tax	40,000	50,000	Current assets	1,98,530	1,70,730
Bank loan	59,510	—	Cash	7,500	7,700
Current liabilities	73,280	52,660			
	4,67,480	4,58,880		4,67,480	4,58,880

Additional Information :

- 1) A dividend of ₹ 26,000 was paid during the year 2018.
- 2) Profit before tax for the year was ₹ 62,530.
- 3) During the year 2018, the company paid tax of ₹ 25,000.
- 4) During the year, the company purchased another company and paid ₹ 60,000 in share capital it acquired stock ₹ 21,640 and plant ₹ 18,360.
- 5) It purchases machinery costing ₹ 5,650 during the year.



10. From the following information calculate :

- 1) P/V ratio
- 2) BEP
- 3) Margin of safety
- 4) If the selling price is reduced to ₹ 90, by how much is the margin of safety reduced ?

	₹
Total sales	3,60,000
Selling price per unit	100
Variable cost per unit	50
Fixed cost	1,00,000

11. The information at 50% capacity is given. Prepare flexible budget and forecast the profit or loss at 60%, 70% and 90% capacity.

Fixed expenses :	₹
Salaries	1,00,000
Rent and rates	80,000
Depreciation	1,20,000
Administrative expenses	1,40,000

Variable expenses :	₹
Material	4,00,000
Labour	5,00,000
Others	80,000

Semi-variable expenses :	₹
Repairs	2,00,000
Indirect labour	3,00,000
Others	1,80,000



It is estimated that fixed expenses will remain constant at all capacities. Semi-variable expenses will not change between 45% and 60% capacity, will rise by 10% between 60% and 75%, a further increase of 5% when capacity crosses 75%.

Estimated sales at various levels of capacity are :

Capacity	Sales ₹
60%	22,00,000
70%	26,00,000
90%	30,00,000
