

Reg. No. :

Code No. : 12301 E Sub. Code : SMBA53

B.B.A. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2021.

Fifth Semester

Business Administration — Main

MANAGEMENT ACCOUNTING

(For those who joined in July 2017 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Management accounting is suitable for
 - (a) Small business
 - (b) Co-operatives societies
 - (c) Non-profit organisations
 - (d) Large industries and Trading concerns

2. _____ is the differences between current assets and current liabilities.
- (a) Fixed capital (b) Liquid assets
(c) Working capital (d) Assets
3. Funds from operation is _____.
- (a) Gross Profit (b) Net Profit
(c) Operating profit (d) Surplus
4. _____ is also known as working capital ratio.
- (a) Current ratio (b) Quick ratio
(c) Liquid ratio (d) Debt-Equity ratio
5. _____ is a summary of all functional budgets in a capsule form.
- (a) Functional budget (b) Master Budget
(c) Long period budget (d) Flexible Budget
6. _____ is the excess of sales over the break-even sales.
- (a) Break Even analysis
(b) Cost volume-profit analysis
(c) Margin of safety
(d) Budgetary control

7. Profit at any level of sales in amount is measured as
- (a) $\text{Sales} \times \text{P/V ratio} - \text{VC}$
 - (b) $\text{Sales} \times \text{P/V ratio} - \text{FC}$
 - (c) $\text{Sales} \times \text{P/V ratio} + \text{VC}$
 - (d) $\text{Sales} - \text{P/V ratio} \times \text{FC}$
8. _____ involves estimation of revenue and expenditure.
- (a) Budgeting
 - (b) Management accounting
 - (c) Marginal costing
 - (d) Budgetary control
9. The standard costing technique is unsuitable for
- (a) Trading business
 - (b) Manufacturing business
 - (c) Job order business
 - (d) Wholesaler

10. A company that maintain 's conservative working capital policy will tend to have a
- (a) Greater percentage of short-term financing
 - (b) Greater risk of needing to sell current assets to repay debt
 - (c) Higher ratio of current assets to fixed assets
 - (d) Higher total asset turnover

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).

Answer should not exceed 250 words.

11. (a) Explain the advantages of management accounting.
- Or
- (b) What do you mean by financial statement analysis?
12. (a) Compare fund flow statement from cash flow statement.

Or

- (b) State the uses of fund flow statement.

13. (a) Describe the basic objectives of marginal casting.

Or

- (b) Write a short notes on :

- (i) Margin of safety
(ii) CVP analysis.

14. (a) Selling price P.U. – Rs. 10

Variable cost P.U – Rs.4

Calculate P/V ratio, if

- (i) Selling price is reduced by 20%
(ii) Variable cost is decreased by 25%.

Or

- (b) Prepare production budget from the following information :

Product	Budgeted Sales Qty (Units)	Actual stock on 31.12.2009 (Units)	Desired stock on 31.12.2020 (Units)
R	20,000	4,000	5,000
S	50,000	6,000	10,000

15. (a) From the following particulars, calculate break-even point in terms of sales value and in units.

	Rs.
Fixed factory overheads cost	60,000
Fixed selling overheads cost	12,000
Variable manufacturing cost p.u.	12
Variable selling cost p.u.	3
Selling price p.u.	24

Or

- (b) What are the different types of working capital?

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b).

Answer should not exceed 600 words.

16. (a) Explain the objectives of management accounting and the limitations of management accounting?

Or

(b) Given :

Current ratio = 2.8

Acid Test ratio = 1.5

Working capital = Rs. 1,62,000

Calculate :

(i) Current Assets (ii) Current Liabilities

(iii) Liquid Assets (iv) Stock.

17. (a) The following are the summarized balance sheets of M/s. Krishna Ltd. as on 31.12.1999 and 2000.

Liabilities	1999	2000
	Rs.	Rs.
10% Preference shares	1,00,000	1,10,000
Equity Shares	2,20,000	2,50,000
Share premium	20,000	26,000
Profit & Loss A/c	1,04,000	1,34,000
12% Debentures	70,000	64,000
Creditors	38,000	46,000
Bills payable	5,000	4,000
Provision for tax	10,000	12,000
Dividend payable	7,000	8,000
	<u>5,74,000</u>	<u>6,54,000</u>

Liabilities	1999	2000
	Rs.	Rs.
Assets	1999	2000
	Rs.	Rs.
Machinery	2,00,000	2,30,000
Buildings	1,50,000	1,76,000
Land	18,000	18,000
Cash	42,000	32,000
Debtors	38,000	38,000
Bills receivable	42,000	62,000
Stock	84,000	98,000
	<u>5,74,000</u>	<u>6,54,000</u>

You are required to prepare a statement of sources and application of funds.

Or

- (b) From the following particulars of Mrs. Ragu, prepare cash flow statements :

Liabilities	1.1.99	31.12.99
	Rs.	Rs.
Creditors	36,000	41,000
Mrs. A's Loan	—	20,000
Capital	1,48,000	1,49,000
Bank loan	30,000	25,000
	<u>2,14,000</u>	<u>2,35,000</u>

Liabilities	1.1.99	31.12.99
	Rs.	Rs.
Assets		
Cash	4,000	3,600
Debtors	35,000	38,400
Stock	25,000	22,000
Land	20,000	30,000
Buildings	50,000	55,000
Machinery	80,000	86,000
	<u>2,14,000</u>	<u>2,35,000</u>

During the year Mrs. Ragu had drawn Rs. 26,000 for personal use. The provision for depreciation against machinery as on 1.1.99 was Rs. 27,000 and as on 31.12.99 Rs. 36,000.

18. (a) Pepsi Company produces a single article. Following cost data is given about its product :

Selling price per unit	Rs. 40
Marginal cost per unit	Rs. 24
Fixed cost per annum	Rs. 16,000

Calculate :

- (i) P/V Ratio
- (ii) Break even sales
- (iii) Sales to earn a profit of Rs. 2,000
- (iv) Profit at sales of Rs. 60,000

Or

- (b) Discuss the merits and demerits of break even analysis.

19. (a) S.K. Brothers wish to approach the bankers for temporary overdraft facility for the period from October 2010 to December 2010. During the period of this period of these three months, the firm will be manufacturing mostly for stock. You are required to prepare a cash budget for the above period.

Month	Sales (Rs.)	Purchases (Rs.)	Wages (Rs.)
August	3,60,000	2,49,600	24,000
September	3,84,000	2,88,000	28,000
October	2,16,000	4,86,000	22,000
November	3,48,000	4,92,000	20,000
December	2,52,000	5,36,000	30,000

- (i) 50% of credit sales are realized in the month following the sales and remaining 50% in the second following.
- (ii) Creditors are paid in the month following the month of purchase.
- (iii) Estimated cash as on 1.10.2010 is Rs. 50,000.

Or

- (b) Prepare a Flexible budget for overheads on the basis of the following data. Ascertain the overhead rates at 50% and 60% capacity.

Variable overheads :	At 60% capacity (Rs.)
Indirect Material	6,000
Labour	18,000
Semi-variable overheads :	
Electricity : (40% Fixed and 60% Variable)	30,000
Repairs : (80% Fixed and 20% Variable)	3,000
Fixed overheads :	
Depreciation	16,500
Insurance	4,500
Salaries	15,000
Total overheads	93,000
Estimated direct labour hours	1,86,000

20. (a) Explain the factors determining the working capital.

Or

- (b) A manufacturing concern, which has adopted standard costing, furnished the following information :

Standard Material for 70 kg finished product
: 100 kg

Price of materials : Re. 1 per kg

Actual Output : 2,10,000 kg

Material used : 2,80,000 kg

Cost of material : Rs. 2,52,000

Calculate :

- (i) Material Usage Variance (ii) Material Price Variance (iii) Material Cost Variance.