

(8 pages)

Reg. No. : .....

**Code No. : 20721 E      Sub. Code : CMBA 51**

B.B.A. (CBCS) DEGREE EXAMINATION,  
NOVEMBER 2024.

Fifth Semester

Business Administration – Core

**MANAGEMENT ACCOUNTING**

(For those who joined in July 2021 – 2022 only)

Time : Three hours

Maximum : 75 marks

**PART A — (10 × 1 = 10 marks)**

Answer ALL questions.

Choose the correct answer :

1. The term 'Management Accounting' was first used in
- (a) 1910                      (b) 1939
- (c) 1951                      (d) 1950

2. Management accounting is used to communicate with \_\_\_\_\_
- (a) Share holders              (b) Outside agencies
- (c) Both (a) and (b)          (d) Directors
3. Liquid ratio is also known as \_\_\_\_\_ ratio.
- (a) Acid-test                      (b) Current
- (c) Solvency                      (d) Working capital
4. Ratio of Net profit before interest and tax to sales is \_\_\_\_\_ ratio.
- (a) Current                      (b) Net profit
- (c) Operating profit          (d) Solvency
5. Commission paid is \_\_\_\_\_
- (a) Application of funds
- (b) Source of funds
- (c) No flow of funds
- (d) Operation funds
6. Which of the following is not an inflow of cash?
- (a) acquisition of assets
- (b) funds from operation
- (c) issue of debentures for cash
- (d) sale of fixed assets

Page 2      **Code No. : 20721 E**



7. Budget is prepared for
- Indefinite period
  - Definite period
  - Period of One year
  - Six Months
8. Sales Budget shows the sales details as
- Month wise
  - Product wise
  - Area wise
  - Definite period
9. Marginal costing is a
- Method of Costing
  - Technique of Costing
  - Formula of Costing
  - System of Costing
10. Standard Costing Involves
- Preparation and use of standard costs
  - Comparison of standard with actual
  - Analysis of Variance
  - All the Above

PART B — (5 × 5 = 25 marks)

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

Each answer should not exceed 250 words.

11. (a) Explain the Advantages of management accounting.

Or

- (b) Explain the scope of Management Accounting.

12. (a) M/s Babu Ltd., has submitted the following Balance Sheet as on 30<sup>th</sup> June 2010.

| Liabilities      |                 | Assets           |                 |
|------------------|-----------------|------------------|-----------------|
| Particulars      | Rs.             | Particulars      | Rs.             |
| Equity Capital   | 1,50,000        | Fixed Assets     | 1,62,000        |
| Revenue Reserves | 30,000          | Stock            | 22,000          |
| 8% Debentures    | 20,000          | Debentures       | 51,000          |
| Sundry Creditors | 49,000          | Bills Receivable | 2,000           |
|                  |                 | Bank             | 12,000          |
|                  | <u>2,49,000</u> |                  | <u>2,49,000</u> |

Calculate :

- Current Ratio;
- Liquid Ratio.

Or

- (b) What are the uses of ratio analysis?



13. (a) Explain the advantages of Funds Flow Statement.

Or

- (b) Prepare a schedule of changes in working capital.

Balance Sheet

| Liabilities         | 31 <sup>st</sup> December |                 | Assets    | 31 <sup>st</sup> December |                 |
|---------------------|---------------------------|-----------------|-----------|---------------------------|-----------------|
|                     | 2013<br>(Rs.)             | 2014<br>(Rs.)   |           | 2013<br>(Rs.)             | 2014<br>(Rs.)   |
| Share capital       | 3,00,000                  | 3,75,000        | Machinery | 70,000                    | 1,00,000        |
| Creditors           | 1,06,000                  | 70,000          | Stock     | 1,21,000                  | 1,36,000        |
| Profit and loss a/c | 14,000                    | 31,000          | Debtors   | 1,81,000                  | 1,70,000        |
|                     |                           |                 | Cash      | 48,000                    | 70,000          |
|                     | <u>4,20,000</u>           | <u>4,76,000</u> |           | <u>4,20,000</u>           | <u>4,76,000</u> |

14. (a) Prepare a production budget for 3 months ending March 31, 2018 for a factory producing 4 products, on the basis of the following information.

| Types of products | Estimated stock on 01.01.2018 (units) | Estimated sales during January – March, 2018(units) | Estimated stock on 31.03.2018 (units) |
|-------------------|---------------------------------------|---|---------------------------------------|
|                   |                                       |   |                                       |
| A                 | 2,000                                 | 10,000  | 5,000                                 |
| B                 | 3,000                                 | 15,000  | 4,000                                 |
| C                 | 4,000                                 | 13,000  | 3,000                                 |
| D                 | 5,000                                 | 12,000  | 2,000                                 |

Or

- (b) Discuss the Advantages of Cash Budget.

Page 5 Code No. : 20721 E

15. (a) Enumerate the Objectives of Cost volume Profit Analysis.

Or

- (b) From the following particulars calculate :

(i) Material cost variance

(ii) Material price Variance

To manufacture 1000 units standard material 400 k at Rs. 2.50

When 2000 produced actual material 820 k at Rs 2.60.

PART C — (5 × 8 = 40 marks)

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

Each answer should not exceed 500 words.

16. (a) Distinguish between financial accounting and management accounting.

Or

- (b) Explain the of Limitations of Management accounting.

17. (a) From the following information, calculate average collection period (in days)

| Particulars | Amount (Rs.) |
|-------------|--------------|
| Total Sales | 4,00,000     |
| Cash Sales  | 80,000       |

Page 6 Code No. : 20721 E



| Particulars                 | Amount (Rs.) |
|-----------------------------|--------------|
| Sales return                | 28,000       |
| Debtors at the end          | 36,000       |
| Bills receivable at the end | 8,000        |

Or

- (b) Discuss the Advantages and Limitations of Ratio Analysis.

18. (a) Following is the Balance sheet, Prepare a Funds Flow Statement.

Balance Sheet

| Liabilities         | 31 <sup>st</sup> December |                 | Assets    | 31 <sup>st</sup> December |                 |
|---------------------|---------------------------|-----------------|-----------|---------------------------|-----------------|
|                     | 2015<br>(Rs.)             | 2016<br>(Rs.)   |           | 2015<br>(Rs.)             | 2016<br>(Rs.)   |
| Share capital       | 3,00,000                  | 4,00,000        | Machinery | 50,000                    | 60,000          |
| Creditors           | 1,00,000                  | 70,000          | Furniture | 10,000                    | 15,000          |
| Profit and Loss a/c | 15,000                    | 30,000          | Stock     | 85,000                    | 1,05,000        |
|                     |                           |                 | Debtors   | 1,60,000                  | 1,50,000        |
|                     |                           |                 | Cash      | 1,10,000                  | 1,70,000        |
|                     | <u>4,15,000</u>           | <u>5,00,000</u> |           | <u>4,15,000</u>           | <u>5,00,000</u> |

Or

- (b) Explain the Limitations of Cash Flow Statement.

19. (a) A factory is presently working at 50% capacity and incurs the following expenditure.

| Particulars                          | Amount<br>(Rs.) |
|--------------------------------------|-----------------|
| Materials                            | 1,50,000        |
| Wages                                | 70,000          |
| Fixed Overheads                      | 80,000          |
| Variable Overheads                   | 20,000          |
| Semi-variable Overheads (60 % Fixed) | 30,000          |

Prepare a flexible budget for 75% and 100%.

Or

- (b) Elaborate the Objectives of Budgeting.
20. (a) Explain Advantages of Marginal Costing.

Or

- (b) Calculate Labour cost variance from the information :

Standard production : 100 units

Standard Hours : 500 hours

Wage rate per hour : Rs. 2

Actual production : 85 units

Actual time taken : 450 hours

Actual wage rate paid : Rs. 2.10 per hour

