

**Reg. No. : .....**

**Code No. : 22474E      Sub. Code : SMBA 53**

B.B.A (CBCS) DEGREE EXAMINATION,  
NOVEMBER 2020.

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. Cash from operations is the result of
  - (a) Profit from business activities
  - (b) Cash from business activities and changes in current assets and liabilities
  - (c) Sale of fixed assets
  - (d) Borrowing from outside sources

2. Premium on redemption of debenture is
- (a) Cash inflow                      (b) Cash outflow
  - (c) An income                      (d) An asset
3. Marginal cost is
- (a) Price cost                      (b) Variable cost
  - (c) Works cost                      (d) Cost of production
4. Break-even point is
- (a) Sales at which profit is less
  - (b) Sales at which profit is more
  - (c) Sales at which profit is no profit or loss
  - (d) None of the above
5. Margin of safety is
- (a) Sales at which there is profit
  - (b) Sales at which there is loss
  - (c) Sales at which profit is no profit or loss
  - (d) None of the above
6. Breakeven chart is a chart of
- (a) Sales                      (b) profit
  - (c) Total cost                      (d) Sales and total cost

7. Fixed cost is reduced from contribution to find
- (a) Profit
  - (b) Loss
  - (c) Either Profit or loss
  - (d) Neither profit nor loss
8. Under \_\_\_\_\_ costing, fixed cost is ignored for decision making.
- (a) Fund flow                      (b) Cash flow
  - (c) Marginal                      (d) Standard
9. Budgeting is
- (a) A technique
  - (b) A method of costing
  - (c) Maintaining ledger accounts
  - (d) All of the above
10. Sales budget is
- (a) Budget of output to be sold
  - (b) Budget for selling expenses
  - (c) Budget of revenue and expenses
  - (d) A list of incentives to salesmen

PART B — (5 × 5 = 25 marks)

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

Each answer should not exceed 250 words.

11. (a) Enlist the merits of management accounting.

Or

- (b) From the following particulars calculate the stock turnover ratio :

Opening stock Rs.40,000

Closing stock Rs.44,000

Sales Rs.4,15,000

Gross Profit ratio 20%

12. (a) Mention the uses of Fund Flow statement.

Or

- (b) Find out the cash from operations from the following data:

Net profit for the year 2018 Rs.25,000

Prepaid expenses on 1.1.2018 Rs.2,000

Prepaid expenses on 31.12.2018 Rs.1,000

Depreciation for the year 2018 Rs.1,000

Outstanding salary on 31.12.2018 Rs.500

13. (a) Draw the Break Even Chart and brief its significance.

Or

- (b) From the following information find out:

(i) Break Even point

(ii) Margin of safety

Total fixed cost Rs.1,80,000

Total variable cost Rs.3,00,000

Selling Price Rs.6 per unit

No of units sold 2,00,000

14. (a) A firm produces two products called 'A' and 'B'. The opening balances of the products are 7,800 units and 8,400 units respectively. The estimated sales during a month are 14,700 units and 15,300 units respectively. The required closing balances are 8,200 units and 9,000 units. Prepare product Budget.

Or

- (b) From the following details compute the material consumption during November 2019:

Estimated sales                      5,000 units

Expected closing stock      2,000 units

Opening stock                      1,000 units

Material requirement is 60 kgs for an output of 100 units of finished product.

15. (a) What is meant by working capital? Enlist its various types.

Or

- (b) The standard time and rate for unit component are given below: Standard hours 20; Standard rate Rs.5 per hour.

Actual data and related information are as under: Actual production 1000 units; actual hours 20,500 hours and Actual rate per hour Rs.4.80. Calculate

- (i) Labour Cost Variance;
- (ii) Labour Efficiency Variance and
- (iii) Labour Rate Variance.

PART C — (5 × 8 = 40 marks)

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

Each answer should not exceed 600 words.

16. (a) From the following Balance Sheet of Jaya Prakash industries Pvt Ltd, prepare a common Size Statement:

Balance Sheet as on 30<sup>th</sup> June (Rupees in Thousands)

Liabilities	2018	2019	Assets	2018	2019
Bills payable	50	75	Cash	50	70
Tax Payable	100	150	Debtors	300	450

Liabilities	2018	2019	Assets	2018	2019
Sundry Creditors	150	200	Stock	100	200
15% Debentures	100	150	Land	100	120
10% Preference	200	200	Building	250	225
Capital	300	300	Plant	200	180
Equity Capital	200	250	Furniture	100	80
Reserves					
Total	1,100	1,325	Total	1,100	1,325

Or

- (b) Ms. Asoka Ltd has submitted the following Balance Sheet as on 30<sup>th</sup> June 2019 :

Liabilities	Rs.	Assets	Rs.
Equity Capital	1,50,000	Fixed Assets	1,62,000
Revenue reserves	30,000	Current	
		Assets:	
8% Debentures	20,000	Stock	22,000
Current		Debtors	51,000
Liabilities:			
		Bills	2,000
		Receivable	
Sundry Creditors	49,000	Bank	12,000
Total	2,49,000	Total	2,49,000

Find the current ratio, liquid ratio and absolute liquid ratio and comment on the financial condition of the company.

17. (a) Distinguish the cash flow analysis from the fund flow analysis.

Or

- (b) From the following Balance Sheets of Sekhar Ltd., prepare a statement of sources and application of funds and schedule of changes in working capital for 2019 :

Balance Sheets.

Liabilities	2018	2019	Assets	2018	2019
Share capital	1,00,000	1,25,000	Land & building	1,00,000	95,000
General reserve	25,000	30,000	Plant&	75,000	84,500
P&LA/c	15,250	15,300	Machinery	50,000	37,500
Bank Loan	35,000	-	Inventories	40,000	32,000
Creditors	75,000	67,500	Sundry Debtors	250	300
Provision for Taxation	15,000	17,500	Cash	-	4,000
			Bank	-	2,000
			Goodwill		
Total	2,65,250	2,55,300	Total	2,65,250	2,55,300

Additional information:

- (i) Dividend of Rs.11,000 was paid during 2019.
  - (ii) Depreciation on plant written off in the year 2019 was Rs.7,000
  - (iii) A provision for income tax Rs.16,500 was made during the year.
18. (a) Explain the concept of Cost Volume Profit Analysis with suitable examples.

Or



- (b) A company shows the following results for two periods:

Period	Sales	Profit
I	Rs. 20,000	Rs. 1,000
II	Rs. 10,000	Rs. 400

Calculate:

- (i) Profit Volume Ratio
- (ii) Fixed Cost
- (iii) Break Even Point; and
- (iv) Margin of Safety for the period II

19. (a) For production of 10,000 Electrical Automatic Irons the following are budgeted expenses:

Details	Cost Per unit
Direct materials	60
Direct labour	30
Variable overheads	25
Fixed overheads (Rs.1,50,000)	15
Variable expenses (Direct)	5
Selling expenses (10% fixed)	15

Details	Cost Per unit
Administrative expenses (Rs.50,000 fixed)	5
Distribution expenses (20% fixed)	5
Total	160

Prepare a budget for Production of 6,000 and 7,000 irons showing distinctly variable cost and total cost.

Or

- (b) A firm expects to have Rs.30,000 on 1<sup>st</sup> May 2016 and requires you to prepare to estimate of the cash position during the 3 months May to July 2016. The following information is supplied to you:

Month	Sales Rs.	Purchases Rs.	Wages Rs.	Factory expenses Rs.	Office expenses Rs.	Selling expenses Rs.
March	40,000	24,000	6,000	3,000	4,000	3,000
April	46,000	28,000	6,500	3,500	4,000	3,500
May	50,000	32,000	6,500	4,000	4,000	3,500
June	72,000	36,000	7,000	4,400	4,000	4,000
July	84,000	40,000	7,250	4,250	4,000	4,000

Other information:

- (i) 25% of the sale is for cash, remaining amount is collected in the month following that of sales.

- (ii) Suppliers supply goods on two months credit.
- (iii) Delay in payment of wages and all other expenses: One month
- (iv) Income tax of Rs. 10,000 is due to be paid in July.
- (v) Preference share dividend of 10% on Rs. 1,00,000 is to be paid in May.

20. (a) From the following data, calculate labour variances:

Budgeted labour for completing job X:

8 Skilled workers at Rs.10 per hour for 20 hours

12 Unskilled workers at Rs. 8 per hour for 20 hours

Actual labour for completing job X:

12 Skilled workers at Rs.11 per hour for 20 hours

13 Unskilled workers at Rs.7 per hour for 20hours.

Or

- (b) State the areas, which you consider, would require the particular attention of the management for effective working capital management.
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