

Reg. No. :

Code No. : 30944 E Sub. Code : EMBA 22

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

Second Semester

Business Administration – Core

ACCOUNTING FOR MANAGEMENT – II

(For those who joined in July 2023 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Basic objective of cost accounting is _____.
(a) Tax compliance (b) Financial Audit
(c) Cost ascertainment (d) None of these
2. Direct Expenses are also called _____.
(a) Major expenses
(b) Sundry expenses
(c) Over head expenses
(d) Chargeable expenses



3. The basic function of accounting is to _____.
(a) Attain non-economic goals
(b) Record economic data
(c) Classify and record business transactions
(d) None of these
4. Trend analysis is significant for _____.
(a) Forecasting and budgeting
(b) Profit planning
(c) Capital retaining
(d) Working capital management
5. A Ratio is expressed in _____.
(a) Weights
(b) Heights
(c) Rupees
(d) Proportion
6. In the funds flow statement, depreciation is _____.
(a) Deducted from net profit
(b) Added to net profit
(c) A source of working capital
(d) Ignored

7. Sales budget is a _____.
(a) Functional budget
(b) Expenditure budget
(c) Master budget
(d) Flexible budget
8. The budget is _____.
(a) A post-mortem analysis
(b) A substitute of management
(c) An aid to management
(d) None of these
9. Production cost under marginal costing includes _____.
(a) Prime cost only
(b) Prime cost and fixed overhead
(c) Prime cost, variable overhead and fixed overhead
(d) Prime cost and variable overhead



10. Break even point is calculated by the formula

- (a) $\frac{\text{Marginal cost}}{\text{Standard cost}} \times \text{Sales}$
- (b) $\frac{\text{Fixed cost}}{\text{Marginal contribution}} \times \text{Sales}$
- (c) $\frac{\text{Fixed cost}}{\text{Total cost}} \times \text{Sales}$
- (d) $\frac{\text{Fixed cost}}{\text{Standard cost}} \times \text{Sales}$

PART B — (5 × 5 = 25 marks)

Answer ALL questions by choosing either (a) or (b).
Each answer should not exceed 250 words.

11. (a) List out the Limitations of Cost Accounting.

Or

(b) Prepare a cost sheet from the following:

	Rs.
Direct materials	50,000
Direct wages	15,000
Factory expenses	5,000
Office expenses	1,000
Selling expenses	500

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12. (a) Explain the Importance of Management Accounting.

Or

(b) Calculate the trend percentages from the following figures of X Ltd taking 2009 as the base.

Year	Sales	Stock (Rs.in lakhs)	Profit before tax
2009	1,881	709	321
2010	2,340	781	435
2011	2,655	816	458
2012	3,021	944	527
2013	3,768	1,154	672

13. (a) Calculate Absolute Liquid Ratio from the following information:

	Rs.		Rs.
Goodwill	50,000	Cash at bank	30,000
Plant and Machinery	4,00,000	Inventories	75,000
Trade Investments	2,00,000	Bank Overdraft	70,000
Marketable securities	1,50,000	Sundry Creditors	60,000
Bills Receivable	40,000	Bills payable	90,000
Cash in hand	45,000	Outstanding Expenses	30,000

Or

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- (b) The cost of goods sold of E.S.P.Limited is Rs.5,00,000. The opening stock/inventory is Rs.40,000 and the closing inventory is Rs.60,000 (at cost). Find out inventory turnover ratio.

14. (a) Explain the merits of budgetary control.

Or

- (b) A company manufactures two products A and B. A forecast for the number of units to be sold in the first four months of the year is given below:

	Product A (units)	Product B (units)
January	3,000	6,000
February	3,400	6,000
March	4,200	5,200
April	5,000	4,400

It is anticipated that

- (i) there will be no work-in-progress at the end of any month and
- (ii) finished units equal to half the sales for the next month will be in stock at the end of each month (including previous December)

Prepare for the three months ending March 31, a production budget for each month.

15. (a) Determine the amount of variable cost from the following particulars:

	Rs.
Sales	1,50,000
Find out	30,000
Profit	40,000

Or



- (b) Sales Rs.1,00,000
Profit Rs.10,000
Variable cost 70%

Find out

- (i) P/V ratio
(ii) Fixed cost
(iii) Sales volume to earn a profit of Rs.40,000.

PART C — (5 × 8 = 40 marks)

Answer ALL questions by choosing either (a) or (b)
Each answer should not exceed 600 words.

16. (a) Discuss the Functions of Cost Accounting.

Or

- (b) During the year 2018, X Ltd., produced 50,000 units of a product. The following were the expenses:

	Rs.
Stock of raw materials on 1.1.2018	10,000
Stock of raw materials on 31.12.2018	20,000
Purchases	1,60,000
Direct wages	75,000
Direct expenses	25,000
Factory expenses	37,500
Office expenses	62,500
Selling expenses	25,000

You are required to prepare a cost sheet showing cost per unit and total cost at each stage.

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17. (a) Distinguish between Management Accounting Vs Cost Accounting.

Or

- (b) Following are the balance sheets of Varshan Ltd. as on 31st December, 2012 and 2011.

Particulars	31 st Dec, 2012 Rs.	31 st Dec, 2011 Rs.
I. Equity and Liabilities		
Shareholders' Funds		
Share Capital	1,50,000	1,00,000
Reserves and Surplus	1,00,000	1,00,000
Non-Current Liabilities		
Long-term Borrowings		
(Loans)	80,000	20,000
Current Liabilities	50,000	30,000
	<hr/> 3,80,000 <hr/>	<hr/> 2,50,000 <hr/>

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Particulars	31 st Dec, 2012 Rs.	31 st Dec, 2011 Rs.
II. Assets		
Non-Current Assets		
Fixed Assets	3,00,000	2,00,000
Current Assets	80,000	50,000
	<u>3,80,000</u>	<u>2,50,000</u>

Prepare a Comparative Balance Sheet

18. (a) The following are the ratios relating to the activities of National Traders Limited:

Stock Velocity: 6 months

Creditors Velocity: 2 months

Debtors Velocity: 3 months

Gross Profit Ratio: 25%

Gross Profit for the year ended 31st Dec. 2010 amounts to Rs.4,00,000. Closing stock of the year is Rs.10,000 above the opening stock. Bills receivables amount to Rs.25,000 and bills payable to Rs.10,000.

Find out:

- (i) Sales
- (ii) Purchases
- (iii) Sundry Creditors
- (iv) Sundry Debtors
- (v) Closing stock.

Or

- (b) The balance sheets of M/s A and B on 1.1.2017 and 31.12.2017 were as follows:

Liabilities	1.1.2017	31.12.2017	Assets	1.1.2017	31.12.2017
Creditors	1,20,000	1,32,000	Cash	30,000	21,000
Mrs A's Loan	75,000	-	Debtors	90,000	1,50,000
Loan from bank	1,20,000	1,50,000	Stock	1,05,000	75,000
Capital	3,75,000	4,59,000	Machinery	2,40,000	1,65,000
			Land	1,20,000	1,50,000
			Building	1,05,000	1,80,000
	<u>6,90,000</u>	<u>7,41,000</u>		<u>6,90,000</u>	<u>7,41,000</u>



During the year a machine costing Rs.30,000 (accumulated depreciation Rs.9,000) was sold for Rs. 15,000. The provision for depreciation against machinery as on 1.1.2017 was Rs.75,000 and on 31.12.2017 Rs. 1,20,000. Net profit for the year 2017 amounted to Rs. 1,35,000.

Prepare Cash Flow Statement.

19. (a) Explain the Objectives of Budgetary control.

Or

- (b) Draw up a flexible budget for production at 75% and 100% capacity on the basis of the following data for a 50% activity.

	Per unit Rs.
Materials	100
Labour	50
Variable expenses (direct)	10
Administrative expenses (50% fixed)	40,000
Selling and distribution expenses (60% fixed)	50,000
Present production (50% activity)	1,000 units

20. (a) From the following information, calculate the break-even point in units and in sales value:

Output	=	3,000 units
Selling price per unit	=	Rs.30
Variable cost per unit	=	Rs.20
Total fixed cost	=	Rs.20,000

Or

- (b) What is meant by break-even analysis? Discuss the assumptions and the limitations of this technique.

