36221

IV Semester B.B.A. Degree Examination, July/August 2023

(NEP Scheme – 2021-22 onwards)

Management Accounting

Time : 2 Hours Max. Marks : 60

1. Answer the following questions.

(a) Give the meaning of management accounting. **(2)**

(b) Briefly explain the objectives of management accounting. **(4)**

(c) State the differences between management accounting and cost accounting. **(6)**

Or

(d) Explain the merits and demerits of management accounting. **(12)**

2. Answer the following questions.

(a) Define Ratio analysis. **(2)**

(b) Neal Company Ltd., provides you the following details you are required to compute current ratio.

Stock 1,25,000, sundry debtors 75,000, bills receivables 80,000, bills payable 20,000, cash at bank 50,000, bank overdraft 1,10,000, outstanding expenses 40,000, short term investments 20,000, cash in hand 50,000, sundry creditors 40,000. **(4)**

(c) The following is the balance sheet of Kushal Nadig Ltd., as on 31.03.2020. Calculate **(6)**

(i) Current ratio

(ii) Liquidity ratio

(iii) Stock turnover ratio

(iv) Debtors turnover ratio

(v) Gross profit ratio

(vi) Net profit ratio

(vii) Earning per share

Liabilities	Amount	Assets	Amount
Share capital		Plant & machinery	13,90,000
(20,000 share of		Land & building	5,50,000
100 each)	20,00,000	Debtors	4,50,000
Retained earnings	5,00,000	Stock	7,00,000
Creditors	4,00,000	Prepaid insurance	10,000
Bills payable	1,50,000		
Current liabilities	50,000		
	31,00,000		31,00,000

Statement of profit for the year ended 31.3.2020.

Sales	50,00,000
Less : COGS	38,50,000
Gross profit	11,50,000
Less : Operating expenses	7,50,000
Net profit before tax	4,00,000
Less : Tax @ 40%	1,60,000
Net profit	2,40,000

Or

(d) Shyam and Brothers presented the balance sheet as on 31.12.2021. **(12)**

Liabilities	Amount	Assets	Amount
Equity share capital	5,00,000	Fixed assets	8,75,000
8% P.F. share capital	1,00,000	Investments	2,50,000
Reserves	4,00,000	Stock	3,00,000
6% debentures	2,00,000	Bank	70,000
Sundry creditors	3,00,000	Preliminary expenses	80,000
P & L account		Sundry debtors	1,35,000
2021 – 2,20,000			
2020 – 10,000	2,10,000		
	17,10,000		17,10,000

The director interceded to transfer a sum of Rs. 50,000 out of the current year profit to provision for taxation.

Rearrange the above balance sheet and calculate the ratios.

(i) Return on capital employed

(ii) Current ratio

(iii) Debt equity ratio

(iv) Capital gearing ratio

(v) Liquid ratio

3. Answer the following questions.

(a) State the characteristics of cash flow statement. (2)

(b) Briefly explain the differences between cash flow and fund flow statement. (4)

(c) Balance in P/L account of Sunitha Ltd., as per balance sheet as on 1.4.2022 – Rs. 2,00,000, 31.3.2023 – Rs. 3,00,000. (6)

Additional Information:

(i) Depreciation charged Rs. 20,000

(ii) Preliminary expenses written off Rs. 10,000

(iii) Amount transfer to general reserve Rs. 30,000

(iv) A building having a book value of Rs. 1,20,000 and sold for Rs. 1,50,000

(v) Dividend paid was Rs. 20,000

Ascertain funds from operations.

Or

(d) Following is the balance sheet of KGK Ltd. prepare **(12)**

(i) Statement of changes in working capital

(ii) Profit and loss account adjusted

(iii) Statement of sources and application of funds

BALANCE SHEET

Liabilities	2021	2022	Assets	2021	2022
E.S. capital	3,00,000	4,00,000	Goodwill	1,15,000	90,000
P.S. capital	1,50,000	1,00,000	Land & building	2,00,000	1,70,000
General reserve	40,000	70,000	Plant & machinery	80,000	2,00,000
Profit & loss	30,000	48,000	Debtors	1,60,000	2,00,000
Proposed dividend	42,000	50,000	Stock	77,000	1,09,000
Creditors	55,000	83,000	Bills receivable	20,000	30,000
Bills payable	20,000	16,000	Cash in hand	15,000	10,000
Provision for tax	40,000	50,000	Cash at bank	10,000	8,000
	6,77,000	8,17,000		6,77,000	8,17,000

Following is the additional information available.

(i) Dividend provision made during 2021 has been paid during 2022

(ii) Depreciation for the year plant and machinery 10,000 land and building 20,000

(iii) An interim dividend of Rs. 20,000 has been paid

(iv) Income tax Rs. 35,000 has been paid in 2022

4. Answer the following questions.

(a) What is Marginal cost? **(2)**

(b) Explain the features of marginal costing. **(4)**

(c) Sale of a product amounts to 200 units per month at Rs. 10 per unit. Fixed overhead cost is Rs. 400 per month and variable cost is Rs. 6 per unit. There is a proposal to reduce prices by 10 percent. Calculate present and future P/V ratio. How many units must be sold to earn the present total profits? **(6)**

Or

(d) From the following P/V ratio, BEP, Margin of safety, sales to required to earn profit of Rs. 1,00,000, when sales is Rs. 6,00,000. Calculate profit. **(12)**

Sales – 5,00,000

UC – 2,40,000

Fixed cost 1,50,000

5. Answer the following questions.

(a) Give the meaning of budgetary control. **(2)**

(b) What are the objectives of budgetary control? **(4)**

(c) Write the merits and demerits of budgetary control. **(6)**

Or

(d) Prepare flexible budget at 70% and 90% levels from the following data related to the XYZ Company Limited to the month ending 31.3.2011. **(12)**

Particulars	Amount
Fixed expenses	
Rent & rates	2,10,000
Depreciation on machinery	2,00,000
Sundry expenses	1,90,000
Management salaries	3,00,000

Variable expenses @ 60% capacity

Materials	5,40,000
Labour	4,80,000
Selling expenses	1,20,000

Semi-variable expenses @ 60%

Indirect labour	3,00,000
Plant maintenance	60,000
Salary	90,000
Sundry expenses	70,000

Additional Information:

(i) Semi variable expenses remain constant @ 60% and increase by 10% beyond 60% (for 70% & 90%)

(ii) Sales @ 60% level Rs. 26,50,000

(iii) Sales @ 70% level Rs. 32,00,000

(iv) Sales @ 90% level Rs. 50,00,000