

V Semester B.B.A. Examination, Nov./Dec. 2018  
 (CBCS) (F + R) (2016-17 and Onwards)  
**BUSINESS ADMINISTRATION**  
**5.4 : Management Accounting**

Time : 3 Hours

Max. Marks : 70

**Instruction :** Answer should be written in **English** only.

## SECTION – A

1. Answer **any five** questions, **each** sub-question carries **two** marks. **(5×2=10)**
- State any 4 objectives of Management Accounting.
  - Name any four tools used for analyzing the financial soundness of a company.
  - Calculate current assets and current liabilities, when current ratio is 3 : 1 and working capital is Rs. 50,000.
  - State any two differences between funds flow statement and cash flow statement.
  - What is meant by Break Even Chart (BE-Chart) ? Why it is prepared ?
  - What is meant by Budgetary Control ?
  - GP ratio is 30%, Gross Profit is Rs. 2,00,000. Calculate the COGS.

## SECTION – B

Answer **any three** questions; **each** question carries **six** marks. **(3×6=18)**

- Distinguish between Financial Accounting and Management Accounting.
- What is meant by funds flow statement ? What are the uses of preparing FFS ?
- Determine the Cost of Goods Sold from the following ;  
 Current Liabilities Rs. 6,00,000, Current Ratio 2, Liquid ratio 1.5 and Inventory turnover ratio 6 times.
- Given : Sales Rs. 5,00,000, fixed cost Rs. 1,00,000, variable cost Rs. 3,00,000. Find out the following :
  - P/V ratio
  - BEP and
  - Sales required to earn a profit of Rs. 90,000.

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6. Calculate the 'cash flow from operating activities' from the following data :

Particulars	2016	2017
P and L Appropriation A/c	60,000	80,000
B/R	15,000	20,000
Provision for depreciation	52,000	56,000
Outstanding salary	10,000	15,000
Prepaid rent	5,000	6,000
Goodwill	22,000	18,000
Stock	59,000	62,000

### SECTION - C

Answer **any three** questions from the following questions; **each** question carries **fourteen** marks. (3×14=42)

7. Following is the B/S of Akshara Limited as at 31-03-2016 :

Liabilities	Amount in Rs.	Assets	Amount in Rs.
Equity share capital	3,00,000	Land and Building	2,00,000
General Reserve	1,75,000	Plant and Machinery	1,00,000
Dividend Equalization Reserve	25,000	Furniture	1,37,500
Debentures	80,000	Investments	1,25,000
Long-term loans	20,000	Stock	1,50,000
Creditors	1,00,000	Bills receivable	67,500
Bills payable	50,000	Cash in hand	60,000
Provision for tax	25,000	Preliminary expenses	40,000
P and L Account :			
Previous year balance	5,000		
Current year balance	1,00,000		
<b>Total</b>	<b>8,80,000</b>	<b>Total</b>	<b>8,80,000</b>

Calculate :

- |                        |                                    |
|------------------------|------------------------------------|
| 1) Current ratio       | 2) Liquid ratio                    |
| 3) Net working capital | 4) Fixed assets to net-worth ratio |
| 5) Debt-Equity ratio   | 6) Return on capital employed      |
| 7) Proprietary ratio   | 8) Return on equity.               |

8. From the following B/S of Aathma Company Ltd., prepare a Statement of changes in working capital and a fund flow statement :

Liabilities	2015	2016	Assets	2015	2016
	Rs.	Rs.		Rs.	Rs.
Equity share capital	60,000	80,000	Goodwill	20,000	16,000
8% Preference share capital	30,000	20,000	Land and Building	40,000	34,000
Capital reserve	—	4,000	Plant and Machinery	16,000	40,000
General reserve	8,000	10,000	Investments	4,000	6,000
P and L Account	6,000	9,600	Sundry debtors	28,000	34,000
Proposed dividend	8,400	10,000	Stock	15,400	21,800
Creditors	5,000	9,400	Bills receivables	4,000	6,000
Bills payable	4,000	3,200	Bank	3,000	2,000
Outstanding expenses	6,000	7,200	Cash in hand	2,000	1,600
Provision for taxation	8,000	10,000	Preliminary Expenses	3,000	2,000
<b>Total</b>	<b>1,35,400</b>	<b>1,63,400</b>	<b>Total</b>	<b>1,35,400</b>	<b>1,63,400</b>

**Additional Information :**

- 1) A piece of land has been sold out in 2016 and the profit on sale has been credited to Capital Reserve Account.
  - 2) A machine has been sold for Rs. 2,000 (the Book value of the Machine was Rs. 2,400), Depreciation of Rs. 2,000 is charged to Plant Account in 2016.
  - 3) Income tax paid during the year was Rs. 8,000.
  - 4) An interim dividend of Rs. 4,000 has been paid in 2016.
9. From the Following Balance Sheets of Akhilesh Ltd., and additional information prepare a cash flow statement as per AS-3.

Liabilities	2016	2017	Assets	2016	2017
	Rs.	Rs.		Rs.	Rs.
Equity share capital	13,00,000	15,00,000	Goodwill	30,000	20,000
General reserve	2,00,000	2,50,000	Land and Buildings	7,50,000	10,00,000
P and L Account	1,20,000	1,80,000	Plant and machinery	6,00,000	8,00,000
Bank Loan (long-term)	3,00,000	2,00,000	Investments	1,35,000	1,00,000
Sundry creditors	1,00,000	1,60,000	Stock	3,30,000	2,30,000
Bills payable	80,000	60,000	Debtors	2,30,000	3,32,000
Proposed dividend	1,00,000	1,75,000	Cash and bank	1,50,000	88,000
Provision for tax	45,000	60,000	Preliminary expenses	20,000	15,000
<b>Total</b>	<b>22,45,000</b>	<b>25,85,000</b>	<b>Total</b>	<b>22,45,000</b>	<b>25,85,000</b>


**Additional Information :**

- a) Depreciation written off during the year ending 31-03-2017 on Plant and Machinery was Rs. 1,20,000.
- b) Equity shares were issued against the acquisition of assets of another company. The assets consisted of Land and Building worth Rs. 1,50,000 and Stock worth Rs. 50,000. No depreciation was provided on Land and Building.
- c) Dividend of Rs. 13,500 was received during the year.
- d) Provision for taxation and proposed dividend shall be treated as non-current liabilities.

10. The following information related to production and sale of an article for September and October 2016 :

Particulars	September -2016	October -2016
Sales (Rs.)	3,80,000	6,50,000
Profit (Rs.)	–	30,000
Loss (Rs.)	24,000	–

**Calculate :**

- 1) Break-even sales value
  - 2) Profit or Loss at Rs. 4,60,000 sales and
  - 3) Sales required to earn a profit of Rs. 50,000.
11. The expenses budgeted for the production of 10,000 units are furnished below :

Particulars	Rs. per Unit
Material	70
Labour	25
Variable expenses (direct)	5
Variable overheads	20
Fixed overheads (Rs. 1,00,000)	10
Administration expenses (Rs. 50,000)	5
Selling expenses (10% fixed)	13
Distribution expenses (20% fixed )	7
<b>Total cost</b>	<b>155</b>

Prepare a flexible budget for 8,000 units and 12,000 units. Assume that the administrative expenses remain fixed at all levels of production.