



DCBB – 401



IV Semester B.B.A. Examination, July/August 2024
(NEP Scheme) (Freshers and Repeaters)

BUSINESS ADMINISTRATION
Management Accounting

Time : 2½ Hours

Max. Marks : 60

Instruction : Answers should be written **completely** in **English**.

SECTION – A

Answer **any five** of the following, **each** carries **two** marks.

(5×2=10)

1. a) What do you mean by Management Accounting ?
b) Give the meaning of Liquidity Ratio.
c) Current ratio is 3.75 : 1. Working capital is Rs. 3,57,500. Calculate the amount of current assets and current liabilities.
d) Give four examples of cash flow from operating activities.
e) What is maser budget ?
f) What do you mean by Break-Even Point ?
g) Give the meaning of margin of safety.

SECTION – B

Answer **any three** of the following, **each** carries **four** marks.

(3×4=12)

2. Explain the relationship between management accounting and financial accounting.
3. If opening stock Rs. 29,000, purchases Rs. 2,42,000, sales Rs. 3,20,000 and gross profit is 25% of sales. Find out stock turnover ratio.
4. Explain the uses of cash flow statement.
5. Explain any four functional budgets of budgetary control.
6. From the following information calculate Break-even point in units and rupees. Total fixed cost Rs. 12,000, selling price Rs. 12 per unit and variable cost Rs. 9 per unit.

P.T.O.



SECTION – C

Answer **any three** of the following, **each** carries **ten** marks.

(3×10=30)

7. Explain the advantages and disadvantages of Management Accounting.
8. The summarized Balance Sheet of Ujwal Traders Ltd. for the year ended 31-3-2024 is given below :

Liabilities	Rs.	Assets	Rs.
Equity share capital	1,40,000	Fixed Assets	1,85,000
Reserves and surplus	45,000	Stock	25,000
Profit and Loss Account	20,000	Debtors	30,000
Provision for taxation	10,000	Cash	15,000
Sundry creditors	40,000		
	2,55,000		2,55,000

The following additional particulars are also given for the year :

Sales Rs. 1,20,000, EBIT Rs. 30,000 and Net profit after tax Rs. 20,000

Calculate :

- Current ratio
 - Liquidity ratio
 - Debtors turnover ratio
 - Stock turnover ratio
 - Profitability ratio
 - Average collection period
 - Return on equity ratio.
9. From the following Balance Sheets of Dhanalakshmi Ltd. and additional information prepare a cash flow statement.

Liabilities	2022 (Rs.)	2023 (Rs.)	Assets	2022 (Rs.)	2023 (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		
P & L A/c	1,20,000	1,80,000	Building	7,50,000	10,00,000
Bank Loan			Plant and		
(Long term)	3,00,000	2,00,000	Machinery	6,00,000	8,00,000



Sundry creditors	1,00,000	1,60,000	Investments	1,35,000	1,00,000
Bills payable	80,000	60,000	Debtors	2,30,000	3,32,000
Proposed dividend	1,00,000	1,75,000	Stock	3,30,000	2,30,000
Provision for tax	45,000	60,000	Cash and		
			bank	1,50,000	88,000
			Preliminary		
			expenses	20,000	15,000
	22,45,000	25,85,000		22,45,000	25,85,000

Additional information :

- 1) Depreciation written off during the year ending 31-3-2023 on Plant and Machinery was Rs. 1,20,000.
- 2) 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 on land and building.
- 3) Dividend of Rs. 13,500 was received during the year.
- 4) Provision for taxation and proposed dividend shall be treated as non-current liabilities.

10. The expenses of budgeted production of 10,000 units in a factory are given :

Particulars	Per unit (Rs.)
Materials	100
Labour	40
Variable overheads	20
Fixed overheads (Rs. 1,00,000)	10
Variable expenses (indirect)	4
Selling expenses (10% fixed)	20
Distribution expenses (20% fixed)	10
Administrative expenses (fixed Rs. 80,000)	8

Prepare a flexible budget for production of 8000 units including cost per unit of each item.

11. The following information is obtained from A Ltd. for the year 2020 :

Sales Rs. 60,000 : Variable cost Rs. 30,000: Fixed cost Rs. 15,000.

- a) Calculate the P/V ratio, BEP and Margin of safety at this level.
- b) Calculate the effect of 10% increase in sale price.
- c) Calculate the effect of 10% decrease in sale price.



SECTION – D

(Case study questions)

Answer **any one** of the following, **each** carries **eight** marks.

(1×8=8)

12. Pepsi Company produces a single article. Following cost data is given about its product.

Selling price per unit	Rs. 40
Marginal cost per unit	Rs. 24
Fixed cost per annum	Rs. 16,000

Calculate :

- P/V Ratio
 - Break-even sales
 - Sales to earn a profit of Rs. 2,000
 - Profit at sales of Rs. 60,000
 - New break-even sales, if selling price is reduced by 10%.
13. A company is expecting to have Rs. 16,000 cash in hand on 1st April 2023 and it requires you to prepare cash budget for the three months. April to June 2023. The following information is supplied to you.

Month	Sales (Rs.)	Purchase (Rs.)	Wages (Rs.)	Expenses (Rs.)
February	35,000	22,000	3,000	2,500
March	40,000	28,000	4,500	3,000
April	48,000	30,000	4,500	3,500
May	50,000	34,000	5,500	4,500
June	60,000	31,000	7,000	4,500

Other information :

- Period of credit allowed by suppliers is two months.
- 25% of sale is for cash and the period of credit allowed to customers for credit sale is one month.
- Delay in payment of wages and expenses one month.
- Income tax Rs. 14,000 is to be paid in June 2023.