

V Semester B.B.A. Degree Examination, April/May 2023  
(CBCS – Fresh Scheme)  
**BUSINESS ADMINISTRATION**  
**Management Accounting**

Time : 3 Hours

Max. Marks : 70

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

## SECTION – A

Answer **any five** sub-questions, **each** sub-question carries **two** marks. (5×2=10)

1. a) Give the meaning of Management Accounting.
- b) State any two scope of Management Accounting.
- c) What is the purpose of knowing the Leverage or Solvency Ratio ?
- d) Give the meaning of working capital.
- e) What are the limitations of cash flow statement ?
- f) Give the meaning of Marginal costing.
- g) Write the meaning of Flexible Budget.

## SECTION – B

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

2. Differentiate between Management Accounting and Cost Accounting.
3. From the following compute Current Ratio and Quick Ratio of an organisation;  
Cash in hand Rs. 5,000; Cash at bank Rs. 3,000; Stock Rs. 15,000; Sundry Debtors Rs. 20,000; Prepaid Expenses Rs. 2,000; Bills Payable Rs. 10,000; Sundry Creditors Rs. 5,000; Outstanding expenses Rs. 25,000; Bank loan (short term) Rs. 15,000.
4. From the following Balance Sheets of Shobha Ltd., you are required to prepare a schedule of changes in working capital.

Liabilities	31-03-2021	31-03-2022	Assets	31-03-2021	31-03-2022
Capital	1,60,000	80,000	Land and		
Profit and			Buildings	1,00,000	50,000
Loss A/c	29,000	29,000	Plant and		
Creditors	18,000	10,500	Machinery	74,000	34,000

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	Stock	9,000	7,000
	Debtors	20,000	19,500
	Cash at Bank	4,000	9,000
		<b>2,07,000</b>	<b>1,19,500</b>
		<b>2,07,000</b>	<b>1,19,500</b>

5. Calculate cash from operating activities from the following data :

Particulars	2021	2022
Profit and loss appropriation account	75,000	1,00,000
Bills Receivables	18,750	25,000
Provision for depreciation	65,000	70,000
Outstanding Salary	12,500	18,750
Prepaid Rent	6,250	7,500
Goodwill	27,500	22,500
Stock	73,750	77,500

6. Given Total fixed cost : 1,50,000; Selling Price per unit Rs. 15;

Variable cost per unit : Rs. 10

Calculate :

a) P/V Ratio

b) BEP in units/rupees.

### SECTION – C

Answer **any three** questions. **Each** question carries **fourteen** marks. **(3×14=42)**

7. Following is the Balance Sheet of Sneha Ltd. as on 31<sup>st</sup> March 2022.

Liabilities	Rs.	Assets	Rs.
Equity Share Capital	5,00,000	Land and Buildings	9,00,000
8% Pref. Shares	4,00,000	Plant and Machinery	8,00,000
Reserves and Surplus	4,00,000	Closing Stock	3,00,000
9% Debentures	6,00,000	Debtors	2,00,000
Current Liabilities	4,00,000	Bank and Cash	90,000
		Prepaid Expenses	10,000
	<b>23,00,000</b>		<b>23,00,000</b>

#### Additional Information :

Sales during the year is Rs. 8,00,000; Cost of goods sold Rs. 6,00,000. Office and Administrative expenses Rs. 1,12,000; Commission and Discount earned Rs. 12,000; Loss on sale of machinery Rs. 34,000; Profit on sale of building Rs. 54,000.

You are required to calculate Current Ratio, Liquid Ratio, Stock Turnover Ratio, Gross Profit Ratio, Net Profit Ratio, Debt-Equity Ratio.





8. From the following Balance Sheet of Raghavendra Ltd. for the year ending 31<sup>st</sup> March 2021 and 31<sup>st</sup> March 2022, prepare
- Schedule of changes in working capital
  - Funds Flow Statement.

**Balance Sheet as on 31<sup>st</sup> March**

<b>Liabilities</b>	<b>2021</b>	<b>2022</b>	<b>Assets</b>	<b>2021</b>	<b>2022</b>
Share Capital	3,00,000	3,00,000	Goodwill	36,000	36,000
General Reserve	42,000	54,000	Buildings	1,20,000	1,08,000
Profit and Loss A/c	48,000	39,000	Plant	1,11,000	1,08,000
Sundry Creditors	24,000	16,200	Investments	30,000	33,000
Bills Payable	3,600	2,400	Stock	90,000	70,200
Provision for tax	48,000	54,000	Bills Receivable	6,000	9,600
Provision for doubtful debts	1,200	1,800	Debtors	54,000	57,000
			Cash at Bank	19,800	45,600
	<b>4,66,800</b>	<b>4,67,400</b>		<b>4,66,800</b>	<b>4,67,400</b>

**The following additional information has also been given :**

- Depreciation charged on Plant was Rs. 12,000 and on Building Rs. 12,000.
- Provision for Tax of Rs. 57,000 was made during the year.
- Interim dividend of Rs. 36,000 was paid during the year.

9. Given below are the Balance Sheets of Basha Ltd. as on 31-03-2021 and 21-03-2022

<b>Liabilities</b>	<b>2021</b>	<b>2022</b>	<b>Assets</b>	<b>2021</b>	<b>2022</b>
Equity Share Capital	1,00,000	1,50,000	Cash	30,000	15,000
Long term loan	50,000	50,000	Stock	60,000	95,000
Creditors	75,000	1,00,000	Debtors	40,000	60,000
Bills Payable	1,00,000	1,50,000	Goodwill	1,00,000	75,000
Retained Earnings	90,000	1,00,000	Plant and Machinery	50,000	1,00,000
			Land and Buildings	1,00,000	2,00,000
			Furniture	35,000	5,000
	<b>4,15,000</b>	<b>5,50,000</b>		<b>4,15,000</b>	<b>5,50,000</b>

**Additional Information :**

- Operating expenses includes depreciation of Rs. 40,000 and amortization of Goodwill Rs. 25,000
- A machine has been sold for Rs. 7,500. The cost of sold machine was Rs. 20,000 and Rs. 10,000 depreciation is charged on the same in 2022.







- c) Plant and Machinery was purchased for cash Rs. 70,000 and land and building for Rs. 1,30,000.  
 d) Furniture was sold for cash Rs. 30,000.  
 e) Equity shares were issued for cash Rs. 50,000.  
 f) Rs. 40,000 dividend was paid in cash.  
 g) Net profit for the year ending 31-03-2022 was Rs. 50,000.

Prepare statement of cash flow as per AS-3 indirect method for the year ending 31-03-2022.

10. The following information is given.

Total Fixed Costs	Rs. 15,000
Sales	Rs. 1,00,000
Variables Cost	Rs. 60,000

**Calculate :**

- a) Break Even Point (BEP).  
 b) New BEP when selling price is reduced by 10%.  
 c) New BEP when variable cost is increased by 10%.  
 d) New BEP when fixed cost increases by 10%.
11. The budgeted expenses per unit at 10,000 units of production are

Particulars	Rupees
Direct Materials	60
Direct Labour	30
Variable Overhead	20
Fixed overhead (1,60,000)	16
Variable Expenses (Direct)	5
Selling Expenses (20% Fixed)	15
Administrative Expenses (Fixed)	5
Distribution Expenses (20% Fixed)	5
<b>Total</b>	<b>156</b>

Prepare a flexible budget for production of 15,000 and 20,000 units.