

**Dr. Babasaheb Ambedkar Open University**  
**Term End Examination July – 2023**

Course	: BBAR	Date	: 26-Jul-23
Subject Code	: BBAR-602	Time	: 09:30am to 11:45am
Subject Name	: Management Accounting	Duration	: 02.15 Hours
		Max. Marks	: 70

**Section A**

**Answer the following (Attempt any three)**

**(30)**

- Give the meaning of Management Accounting and Explain the Nature, Scope and Objectives of Management Accounting.
- Discuss the Tools and Techniques of Management Accountancy.
- KS creation Ltd. has prepared a budget for the production of 1, 00,000 units of a certain commodity for a costing period as under:  
Raw Materials Rs. 3, 00,000  
Direct Labour Rs. 75,000  
Direct Expenses Rs. 10,000  
Work Overheads (70% Fixed) Rs. 2, 00,000  
Administration Overheads (80% Fixed) Rs. 35,000  
Selling Overheads (50% Fixed) Rs. 14,000  
The actual production during the period was only 70,000 units. Calculate the revised budgeted cost per unit.
- From the following Balance sheet; prepare a Common-size Balance Sheet statement:

Assets:	2018-2019 (Amt.)	2019-2020 (Amt.)
Cash	70,000	60,000
Debtors	5,00,000	4,50,000
Stock	2,20,000	2,50,000
Prepaid Expenses	30,000	60,000
Investment	60,000	50,000
Bills Receivables	20,000	30,000
Fixed Assets	12,00,000	14,00,000
<b>Total</b>	<b>21,00,000</b>	<b>23,00,000</b>
Liabilities & Capital:	2018-2019 (Amt.)	2019-2020 (Amt.)
Share Capital	13,00,000	14,00,000
Reserve and surplus	50,000	1,00,000
12% Debenture	2,50,000	2,50,000
Long-term Debt	2,20,000	2,00,000
Sundry Creditors	1,00,000	1,20,000
Other Liabilities	1,80,000	2,30,000
<b>Total</b>	<b>21,00,000</b>	<b>23,00,000</b>

- From the following information of Saloni Ltd. calculate:
  - Re- order stock level
  - Minimum stock level
  - Maximum stock level
  - Average stock level

(v) Danger Stock level  
(Vi) Economic Order Quantity  
Annual Consumption-10,000 units  
Cost per unit Rs.8  
Cost of placing an order Rs. 25  
Storing cost per unit Rs.1  
Maximum delivery period 50 days  
Average delivery period 40 days  
Minimum delivery period 30 days  
Maximum delivery period for emergency purchase 7 days  
Maximum rate of consumption per day 40 units  
Average rate of consumption per day 30 units  
Minimum rate of consumption per day 20 units  
Ordering Quantity 500 Units

### Section B

**Answer the following (Attempt any four)**

**(20)**

1. Explain the advantages (utility) of ratio analysis.
2. Give the Meaning of Financial Statements and Explain the method of analysis of financial statements.
3. Explain the Determinants of Working Capital.
4. From the following information of Pramod Ltd., a trading concern, you are asked to ascertain the working capital.  
Land and Building Rs.20,000  
Plant and Machinery Rs.10,000  
Stock Rs.40,000  
Debtors Rs.30,000  
Cash and Bank Rs.10,000  
Creditors Rs.20,000  
Taxation Rs.6,000  
Overdraft Rs.14,000  
O/s Liabilities Rs.10,000
5. Explain the Motive for holding inventory.
6. Explain the advantages and limitations of Cash Budget.

### Section C

**Part – A (Multiple Choice Questions)**

**(10)**

- 1 Management accounting is  
A Subjective  
B Objective  
C Both a and b  
D Neither a nor b
- 2 Statements that give only the vertical percentage or ratio for financial data without giving rupee value are known as common size statement.  
A Comparative  
B Income  
C Finance  
D Analysis

- 3 Management Accounting is useful in following manner:
- A Helpful in Formulating Budgets      B Easy for Classification and Arrangement of Data
- C Preparation of Routine Reports and Special Reports      D All of above
- 4 To determine a particular aspect of the financial position of the company, in which they are interested.
- A Profitability      B Liquidity
- C Efficiency      D All above
- 5 As \_\_\_\_\_ statements are the most valuable in marketing comparisons among the companies in some industry.
- A Income      B Common size
- C data      D User
- 6 In common-size statement the whole balance are converted in...
- A Rupee's value      B Percentage Value
- C Ratio Value      D None of above
- 7 Inadequate working capital create:
- A Smooth Business Operation      B Regular Supply of Raw Material
- C Face Crisis      D Uplift of Goodwill
- 8 Working capital calculation involves:
- A Measure of liquidity      B Measure of efficiency
- C Both a and b      D Neither a nor b
- 9 Cash budget is a plan showing the \_\_\_\_\_ position of business at different time intervals during the year.
- A Cash      B Working capital
- C Sales      D Purchase
- 10 Management will adopt fixed budget when it is possible to.....
- A Forecast sales      B Forecast Revenue
- C Forecast expenditure with reasonable degree of accuracy      D All of above

**Part – B (Do as Directed)**

**(10)**

- 1 Explain Trend analysis.
- 2 Explain the Mining Of Budget.
- 3 Define Growth trap.
- 4 Define current assets.
- 5 Explain Inventory control.
- 6 Explain Flexible budget.
- 7 Explain Break-Even Point (BEP).
- 8 Define Margin of Safety.
- 9 Define Management Audit.
- 10 Explain contribution.

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