

# END TERM EXAMINATION

THIRD SEMESTER [BBA] FEBRUARY 2023

<b>Paper Code: BBA207</b> <b>BBA(B&amp;I)207</b>	<b>Subject: Management Accounting</b> <b>(Upto Batch 2020)</b>
<b>Time: 3 Hours</b>	<b>Maximum Marks: 75</b>
<b>Note: Attempt five questions in all including Q.No.1 which is compulsory.</b>	

- Q1 Answer **any five** from the following: **(5x5=25)**
- a) Difference between Management Accounting and Financial Accounting
  - b) Zero base budgeting
  - c) Break Even Point
  - d) Relevant Cost and Sunk Cost
  - e) Shut Down or Continue decision
  - f) Limitation of Ratio analysis
  - g) Cash Flow Statement
  - h) Responsibility Centres
- Q2 Explain in detail comparative financial statements and trend percentage as tools of financial analysis **(12.5)**
- Q3 The balance sheet of XYZ Ltd. is given as under for the year ending 31<sup>st</sup> March, 2022. **(12.5)**

Liabilities	Amount Rs	Asset	Amount
Equity share capital	3,00,000	Goodwill	2,00,000
Reserve fund	1,50,000	Land and building	3,00,000
8% Debenture	2,00,000	Plant and machinery	2,50,000
Mortgage loan	4,00,000	Patents	50,000
Sundry creditors	50,000	Stock	1,50,000
Bills payable	25,000	Sundry debtors	1,00,000
Bank overdraft	40,000	Bills receivable	80,000
Outstanding expenses	10,000	Marketable securities	18,000
Tax liabilities	15,000	Cash balance	40,000
		Prepaid expenses	2,000
	11,90,000		11,90,000

Purchase are Rs. 3,00,000 and sales are Rs. 5,00,000. From the information calculate:

- a) Current ratio
- b) Acid test ratio
- c) Inventory turnover ratio
- d) Average collection period
- e) Debtors turnover ratio
- f) Creditors turnover ratio
- g) Average payment period

On the basis of the above analysis, comment on the cash management of the firm.

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Q4 Define budgetary control. State its objectives. Explain the process by which various budgets are prepared. Distinguish between fixed budget and flexible budget. **(12.5)**

Q5 How marginal costing is different from absorption costing and direct costing? Discuss advantage of marginal costing. **(12.5)**

Q6 a) From the following data, calculate (a) Material Cost Variance (b) Material Price Variance (c) Material Usage Variance (d) Material Mix Variance **(5)**

Name of material	Standard		Actual	
	Kg	Rate	Kg	rate
X	8000	1.05	7500	1.20
Y	3000	2.15	3300	2.30
Z	2000	3.30	2400	3.50

b) The ratio of variable costs to sales is 60%. The breakeven point occurs at 80% of sales. Find the capacity sales when fixed costs are Rs.4,00,000. Determine profits at 90% and 100% of sales. **(7.5)**

Q7 A factory is currently running at 50% capacity and produces 5,000 units at a cost of Rs. 90/- per unit as per the details below: **(12.5)**

Material	Rs. 50
Labour	Rs. 15
Factory Overhead	Rs. 15 (Rs. 6/- fixed)
Administration	Rs. 10 (Rs. 5/- fixed)
The current selling price is	Rs. 100/- per unit

At 60 % working, material cost per unit increase by 2% and selling price per unit falls by 2%.

At 80% working, material cost per unit increase by 5% and selling price per unit falls by 5%.

Estimate the profit earned by the factory at 60% and 80% working and offer your comments.

Q8 The following is the summarized Balance Sheets of a X Ltd company as on 31<sup>st</sup> March, 2021 and 2022: **(12.5)**

	2008	2009
<b>Assets:</b>	Rs	Rs
Land and Building	80,000	1,20,000
Plant and Machinery	5,00,000	8,00,000
Stock	1,00,000	75,000
Sundry Debtors	1,40,000	1,50,000
Prepaid Expenses	14,000	12,000
Cash at bank	16,000	18,000
<b>Total</b>	<b>8,50,000</b>	<b>11,75,000</b>

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Liabilities	Rs	Rs
Share capital	5,00,000	7,00,000
Profit and loss account	1,00,000	1,60,000
General Reserve	50,000	70,000
Sundry Creditors	1,63,000	2,00,000
Bills Payable	30,000	40,000
Outstanding Expenses	7,000	5,000
<b>total</b>	<b>8,50,000</b>	<b>11,75,000</b>

## Additional Information:

- a) Rs.50,000 depreciation has been charged to plant and machin during the year,2009.
- b) A piece of machinery was sold for Rs 8,000 during 2009, it cost Rs 12,000, depreciation of Rs.7,000 has been provided on it
- You are required to prepare the Cash Flow Statement as per 3(Revised)

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