

B.B.A. (CBCS) DEGREE EXAMINATION, APRIL 2021

FIFTH SEMESTER

BUSINESS ADMINISTRATION - MAIN

MANAGEMENT ACCOUNTING

(For those who joined in July 2017 onwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 X 1 = 10 marks)

Answer ALL questions, Choose the correct answer

1. Basic objective of management accounting is
 - (a) To ascertain profit (or) loss
 - (b) To settle disputes
 - (c) To Report to management on performance
 - (d) All of the above
2. P/E ratio is the relationship between the _____ of company's share and its earnings per share.
 - (a) cost price
 - (b) market price
 - (c) standard cost
 - (d) funds
3. Fund flow statement is based on the _____ concept of funds.
 - (a) working capital
 - (b) fixed capital
 - (c) assets
 - (d) liabilities
4. Cash flow from sales is calculated by
 - (a) cash sales + cash collections
 - (b) sales + opening debtors + opening B/R – closing debtors – closing B/R
 - (c) Both (a) & (b)
 - (d) None of the above
5. _____ is a detailed budget of cash receipts and cash expenditure incorporating both revenue and capital items.
 - (a) Cash budget
 - (b) capital expenditure
 - (c) sales budget
 - (d) overhead budget
6. A company which has a margin of safety of Rs.400000/- makes a profit of Rs.80000/-. Its fixed cost is Rs.500000/-, its break-even sales will be
 - (a) Rs.20 lakhs
 - (b) Rs.30 lakhs
 - (c) Rs.25 lakhs
 - (d) Rs.40 lakhs
7. R&D Budget and Capital expenditure budget are examples of
 - (a) Short-Term budget
 - (b) Current budget
 - (c) Long-Term budget
 - (d) All of the above
8. Standard costing makes the work of valuation of inventory easier, because inventory is valued at _____.
 - (a) original cost
 - (b) predetermined cost
 - (c) market price
 - (d) average price
9. Under marginal costing, _____ cost is ignored for decision making.
 - (a) fixed
 - (b) variable
 - (c) semi -variable
 - (d) production cost
10. Consumption of raw material is based on _____ budget.
 - (a) Sales
 - (b) production
 - (c) master
 - (d) purchase

PART- B — (5 × 5 = 25 Marks)

Answer ALL questions, choosing either (a) or (b) Answer should not exceed 250 words

11. a) What are the objectives of management accounting?

(OR)

- b) Calculate Current Ratio from the following information:

Particulars	Rs.
Inventories	50,000
Trade receivables	50,000
Advance tax	4,000
Cash and cash equivalents	30,000
Trade payables	1,00,000
Short-term borrowings (bank overdraft)	4,000

12. a) Explain the uses of fund flow statement.

(OR)

- b) Mention the procedure for preparation of cash flow statement.

13. a) What is "Margin of safety"?

(OR)

- b) From the following information's find out:

- a. P/V Ratio
- b. Sales &
- c. Margin of Safety
- Fixed Cost = Rs.40, 000
- Profit = Rs. 20,000
- B.E.P. = Rs. 80,000

14. a) Write a short note on: i) Master Budget ii) Flexible budget

(OR)

- b) State the limitations of budgetary control.

15. a) What are the elements of standard costing?

(OR)

- b) Calculate Labour cost variance from the information:

Standard production	: 100 units
Standard Hours	: 500 hours
Wage rate per hour	: Rs. 2
Actual production	: 85 units
Actual time taken	: 450 hours
Actual wage rate paid	: Rs. 2.10 per hour

PART- C — (5 × 8 = 40 Marks)

Answer ALL questions, choosing either (a) or (b) Answer should not exceed 600 words

16. a) Discuss the merits and demerits of management accounting.

(OR)

- b) Following information is available for the year 2014-15, calculate gross profit ratio:

		Rs.
Revenue from Operations	: Cash	25,000
	: Credit	75,000
Purchases	: Cash	15,000
	: Credit	60,000
Carriage Inwards		2,000
Salaries		25,000

Decrease in Inventory	10,000
Return Outwards	2,000
Wages	5,000

17. a) The net Income reported in the Income Statement for the year was Rs. 110,000 and depreciation of fixed assets for the year was Rs. 44000. The balances of the current assets and current liabilities at the beginning and end of the year are as follows. Calculate cash from operating activities.

	End of the year	Beginning of the year
	Amount (Rs.)	Amount (Rs.)
Current Items		
Cash	130,000	140,000
Debtors	200,000	180,000
Inventories	290,000	300,000
Prepaid expenses	15,000	16,000
Account payables	102,000	1,16,000

(OR)

17. b) Explain the uses of fund flow statement and cash flow statement.

18. a) Describe the objectives and limitations of marginal costing.

(OR)

b) A manufacturer produces 1500 units of products annually. The marginal cost of each product is Rs. 960 and the product is sold for Rs. 1200. Fixed cost incurred by the company is Rs. 48,000 annually. Calculate P/V Ratio and what would be the break - even point in terms of output and in terms of sales value?

19. a) Explain the ~~several~~ characteristics of budget.

(OR)

b) The expenses budgeted for production of 1,000 units in a factory are furnished below:

Particulars	Per Unit Rs.
Material Cost	700
Labour Cost	250
Variable overheads	200
Selling expenses (20% fixed)	130
Administrative expenses (Rs. 2,00,000)	200
Total Cost	1,480

Prepare a budget for production of 600 units and 800 units assuming administrative expenses are rigid for all level of production.

20. a) Explain the way to estimate of working capital requirement.

(OR)

b) India Ltd. Manufactures a particular product, the standard direct labour cost of which is Rs. 120 per unit whose manufacture involves the following:

Type of workers	Hours	Rate (Rs.)	Amount (Rs.)
A	30	2	60
B	20	3	60
	<u>50</u>		<u>120</u>

During a period, 100 units of the product were produced, the actual labour cost of which was as follows:

Type of workers	Hours	Rate (Rs.)	Amount (Rs.)
A	3,200	1.50	4,800
B	1,900	4.00	7,600
	<u>5,100</u>		<u>12,400</u>

Calculate: (1) Labour cost variance (2) Labour Rate variance (3) Labour Efficiency variance (4) Labour mix variance.