

V Semester B.B.A. Degree Examination, April/May - 2021**MANAGEMENT****5.2 : Management Accounting**

10504

Time : 3 Hours**Maximum Marks : 70****Instruction :** Attempt all the Sections according to internal choice.**SECTION - A****1. Answer any ten questions from the following.****10x2=20**

- Define Management Accounting.
- What is cash budget ?
- What is a cash flow statement ?
- Give the meaning of current liabilities.
- What is reporting ?
- State any two objective of budgetary control.
- What is earning per share ?
- What is Internal Report ?
- What do you mean by Stock Turnover Ratio ?
- What do you mean by Financial Analysis ?
- Current ratio is 2.5, liquid ratio is 1.5, stock is ₹ 50,000. Calculate current assets.
- Define Ratio Analysis.

SECTION - B**Answer any four questions.****4x5=20****2. "Management Accounting is called as inter-disciplinary subject". Explain.****3. What is Reporting ? Explain different types of Reporting.****4. Prepare cash budget for three months from April to June.**

Months	Sales	Purchases	Wages	Other Expenses
February	30,000	15,000	3,000	2,000
March	35,000	20,000	3,200	1,500
April	25,000	15,000	2,500	1,000
May	35,000	22,500	2,400	2,000
June	40,000	25,000	2,600	1,800

P.T.O.

Additional information :

- (i) Period of credit allowed to purchases is 2 months.
- (ii) Period of credit allowed to sales is 1 month.
- (iii) Income tax of ₹ 15,000 is payable in June.
- (iv) Cash in hand on April was ₹ 16,000.

Answer

5. Calculate debtors turnover ratio from the following :

Debtors as on 1/1/2020 ₹ 1,00,000

Debtors as on 31/12/2020 ₹ 1,40,000

Total sales ₹ 13,00,000

Cash sales ₹ 1,00,000

6. Compute cash flows from operating activities by Direct Method from the following information :

Cash Sales 50,000

Receipts from debtors 1,50,000

Commission and Brokerage received 20,000

Paid to suppliers 80,000

Cash purchases 10,000

Outstanding salaries 5,000

Cash payments for :

Salaries 2,000

Rent 1,000

Repairs 3,000

Proceeds from flood relief 6,000

Settlement 4,000

Tax paid 7,000

7. From the following information, determine the sales.

Inventory turnover ratio 5 times.

Current liabilities ₹ 5,00,000

Current ratio 2

Liquid ratio 1.5



SECTION - C

Answer any two questions.

2×10=20

8. Explain the nature and scope of Management Accounting.
9. Prepare Trading and Profit and Loss account and Balance Sheet from the following data :

Fixed assets ₹ 10,00,000

Closing stock ₹ 1,00,000

Fixed assets to total

Current assets 5 : 7

Fixed assets to capital 5 : 4

Capital to total liabilities 1 : 2

Net profit to capital 1 : 5

Inventory Turnover Ratio

10 times (cost of goods sold)

Net profit ratio 20%

Gross profit ratio 25%

10. From the following income statement and balance sheets of Geeta Ltd., you are required to prepare a fund flow statement.
- Income statement for the year 2019 :

Net sales	₹	2,52,000
Less : Cost of sales	1,98,000	
Depreciation	6,000	
Salaries and Wages	24,000	
Operating expenses	8,000	
Provision for Taxation	8,800	2,44,800
Net operating profit		7,200
Add : Non-trading incomes :		
Profit on sale of an item of equipment		1,200
		8,400
Add : Profit and Loss A/c Balance as on 31/12/2019		15,180
		23,580
Less : Dividend declared and paid during the year		7,200
Profit and Loss A/c balance as on 31/12/2020		16,380

P.T.O.

Balance Sheets as on 31/12/2020

Liabilities	2019	2020	Assets	2019	2020
Capital	36,000	44,400	Land	4,800	9,600
Profit and Loss A/c	15,180	16,380	Building and Equipment	36,000	57,600
Creditors	24,000	23,400	Cash	6,000	7,200
Outstanding Exp.	2,400	4,800	Debtors	16,800	18,600
Income Tax payable	1,200	1,320	Stock	26,400	9,600
Accumulated Dep. On building and Equipment	12,000	13,200	Advances	780	900
Total	90,780	1,03,500	Total	90,780	1,03,500

Cost of equipment sold was ₹ 7,200.

SECTION - D

Answer the following question (compulsory) :

1x10=10

11. A company operates at 70% capacity and produces 7,000 units and gives the following information.

Materials ₹ 50 per unit

Wages ₹ 20 per unit

Overhead ₹ 30 per unit

Selling price ₹ 120 per unit

(a) At 80% capacity materials increases by 5% and selling price decreases by 4%.

(b) At 90% capacity wages increases by 6% and selling price decreases by 2%.

Prepare a flexible budget at 80% and 90% capacity.

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