

Reg. No. : .....

Code No. : 10661 E      Sub. Code : CMBA 51

B.B.A. (CBCS) DEGREE EXAMINATION,  
NOVEMBER 2023.

Fifth Semester

Business Administration – Core

MANAGEMENT ACCOUNTING

(For those who joined in July 2021-2022)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. The use of management accounting is
  - (a) Compulsory
  - (b) Optional
  - (c) Obligatory
  - (d) All of the above

2. Management Accounting relates to:
- (a) Recording of accounting data
  - (b) Recording of costing data
  - (c) Presentation of accounting data
  - (d) All of the above
3. In trend percentage, the base year would be
- (a) The first year            (b) The last year
  - (c) Any year                 (d) None of the above
4. A financial statement is organized \_\_\_\_\_ of data according to logical and accounting procedure.
- (a) Process
  - (b) Interpretation
  - (c) Collection
  - (d) None of the above
5. Depreciation of Machinery is \_\_\_\_\_.
- (a) Source of Funds
  - (b) Application of Funds
  - (c) Cash Balance
  - (d) Good Will

6. Cash flow statements are of
- (a) Long term duration
  - (b) Short term duration
  - (c) Medium term duration
  - (d) All of the above
7. The first step in preparing a budget is
- (a) Cash Budget
  - (b) Production Budget
  - (c) Sales Budget
  - (d) Materials Budget
8. Zero base budget originated in the soil of
- (a) USSR                        (b) UK
  - (c) USA                         (d) China
9. Marginal Cost means \_\_\_\_\_.
- (a) Additional Cost        (b) Variable Cost
  - (c) Indirect Cost         (d) Fixed Cost
10. Fixed cost means \_\_\_\_\_.
- (a) Sunk cost                (b) Uncontrollable
  - (c) Flexible Cost          (d) None of the above

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) Explain the role of management accountant.  
Or  
(b) State the Nature of Management Accounting.
12. (a) Explain the significance of financial statement analysis.  
Or  
(b) Mention about the limitations of financial statement analysis.
13. (a) Outline the format of Schedule of changes in working capital.  
Or  
(b) Differentiate between cash flow and fund flow analysis.
14. (a) Prepare a production budget for 3 months ending 31.3.2013.

Month	Estimated Sales (Rs.)
April	1,40,000
May	1,60,000

Month	Estimated Sales (Rs.)
June	1,30,000
July	1,30,000

It is the policy of the company to maintain 50% of the month's sales as opening stock.

Or

- (b) A star manufacturing company you are requires to calculate and present the Master budget from the following information:

Sales

Toughened Glass	Rs. 8,00,000
Bent Toughened Glass	Rs. 10,00,000
Direct Material Cost	50% of sales
Direct Wages	25 workers at Rs. 250 per month

Factory Overheads

Works manager salary	Rs. 2000 per month
Foreman salary	Rs. 1,000 per month
Stores and spares	5% on sales
Depreciation on plant	Rs. 15,500

Light and power Rs. 7,500  
Miscellaneous Expenses Rs. 8,000  
Administration and Selling expenses  
Rs. 33,000 per annum.  
Repairs and Maintenance Rs. 15,000

15. (a) Find the profit from the following data:

Sales Rs. 1,20,000  
Marginal cost Rs. 90,000  
Break even sales Rs. 90,000

Or

(b) From the following data calculate:

- (i) PV ratio
  - (ii) Profit when sales are Rs. 25,000
  - (iii) New break even sales if selling price is reduced by 10%
- Fixed expenses Rs. 6,000  
Break even sales Rs. 15,000.

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 600 words.

16. (a) Differentiate between Financial Accounting and Cost Accounting.

Or

(b) Analyze the scope of management accounting.

17. (a) Differentiate between Comparative and Common Size statement.

Or

(b) From the following information, calculate

- (i) Gross profit ratio
- (ii) Operating ratio
- (iii) Operating profit ratio
- (iv) Net profit ratio

Sales Rs. 6,00,000, cost of goods sold Rs. 4,00,000

Operating expenses Rs. 1,20,000, Non operating income Rs. 12,000, Non operating expenses Rs. 4,000.

18. (a) Following are the comparative balance sheet of a company for the years 2012 and 2013.

Liabilities	2012 Rs.	2013 Rs.	Assets	2012 Rs.	2013 Rs.
Share capital	70,000	74,000	Cash	9,000	7,800
P and L a/c	10,740	11,360	Debtors	14,900	17,700
Creditors	10,360	11,840	Stock	49,200	42,700
Debentures	12,000	6,000	Land	20,000	30,000
			Goodwill	10,000	5,000
	<u>1,03,100</u>	<u>1,03,200</u>		<u>1,03,100</u>	<u>1,03,200</u>

Additional information:

- (i) Dividends were paid Rs. 4,000.
- (ii) Land was purchased for Rs. 15,000.

Prepare a statement showing changes in working capital and Fund flow statement.

Or

(b) Following are the summarized Balance Sheets of Arul Ltd. As on 31<sup>st</sup> December 2013 and 2014.

Liabilities	2013	2014	Assets	2013	2014
Share capital	1,00,000	1,50,000	Land	1,00,000	90,000
General Reserve	50,000	60,000	Building		
			Plant and Mc	1,00,000	1,19,000

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P & L A/c.	30,500	30,000	Stock	50,000	24,000
Bank loan	70,000	—	Debtors	75,000	63,200
Creditors	50,000	37,200	Cash	500	1,000
Pro. For taxation	32,000	35,000	Bank	2,000	15,000
			Goodwill	5,000	—
	<u>3,32,500</u>	<u>3,12,200</u>		<u>3,32,500</u>	<u>3,12,200</u>

Additional information:

During the year ended 31<sup>st</sup> Dec. 2014

- (i) Dividend of Rs. 23,000 was paid
- (ii) Depreciation written off on building Rs. 10,000, Machinery Rs. 14,000
- (iii) Income tax paid during the year Rs. 28,000.

Prepare cash flow statement.

19. (a) Calculate (i) pv ratio (ii) Margin of safety (iii) Sales and (iv) Variable cost from the following figures. Fixed cost Rs. 15,000; Profit Rs. 2,000; Break even sales Rs. 75,000.

Or

- (b) Margin of safety Rs. 15,000 which represents 30% of sales. P/V ratio 40%. Calculate (i) Sales (ii) Break even sales (iii) Fixed cost (iv) Profit.

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20. (a) The expenses for the production of 5,000 units in a factory are given below:

Particulars	Per unit
Materials	50
Labour	20
Variable expenses	15
Fixed overheads (Rs. 50,000)	10
Administrative expenses (5% variable)	10
Selling expenses (20% fixed)	6
Distribution expenses (10% fixed)	5
Total cost of sales	116

Prepare a budget for the production of 7,000 units.

Or

- (b) Explain the advantages of Cost Volume Profit Analysis.
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