



NP – 303

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IV Semester B.B.A. Examination, August/September 2023  
(NEP Scheme)

**BUSINESS ADMINISTRATION**  
**Paper – 4.1 : Management Accounting**

Time : 2½ Hours

Max. Marks : 60

**Instruction :** Answers should be written in **English only**.

SECTION – A

Answer **any six** of the following sub-questions. **Each** sub-question carries **2** marks. **(6×2=12)**

1. a) What is management accounting ?
- b) What is a flexible budget ?
- c) Give any 2 current assets and 2 current liabilities.
- d) What is meant by shareholders funds ?
- e) State any two advantages of Ratio analysis.
- f) What is Budgetary control ?
- g) What are investing activities ?
- h) List out any 2 sources of funds for a company.



SECTION – B

Answer **any three** of the following questions. **Each** question carries **4** marks. **(3×4=12)**

2. Write any 4 differences between management accounting and financial accounting.

P.T.O.



3. From the following information, calculate Trend percentages. Use 2018 as the base.

Year	2018	2019	2020	2021
Net Sales	100.00	95.00	120.00	130.00
Cost of goods sold	60.00	58.00	69.60	72.80
Gross profit	40.00	36.10	50.40	57.20
Operating expenses	10.00	9.70	11.00	12.00
Net operating profit	30.00	26.40	39.40	45.20

4. Current liabilities of a company are ₹ 3,00,000. Its current ratio is 3 : 1 and quick ratio 1 : 1. Calculate the current assets and value of stock in trade.
5. Prepare statement of changes in working capital.

Particulars	31 <sup>st</sup> Dec. 2020	31 <sup>st</sup> Dec. 2021
Assets :		
Cash in hand	35,000	75,000
Accounts receivable	98,000	90,000
Stock	87,000	1,20,000
Land *	20,000	30,000
Long Term Investments	15,000	10,000
	<b>2,55,000</b>	<b>3,25,000</b>
Capital and Liabilities :		
Equity capital	1,25,000	1,50,000
Accounts payable	70,000	1,00,000
General reserve	60,000	75,000
	<b>2,55,000</b>	<b>3,25,000</b>



6. Calculate cash from operating activities from the following.

	31 <sup>st</sup> March	
	2021 (₹)	2022 (₹)
Profit and Loss Account	60,000	65,000
Debtors	85,000	48,000
Bills Receivable	40,000	81,000
General Reserve	1,72,000	2,07,000
Wages Outstanding	26,000	8,000
Salaries Prepaid	8,000	10,000
Goodwill	70,000	60,000

SECTION – C

Answer **any three** of the following questions. **Each** question carries **12** marks. **(3×12=36)**

7. Liabilities	2020 ₹	2021 ₹	Assets	2020 ₹	2021 ₹
Equity capital	3,00,000	4,00,000	Goodwill	1,15,000	90,000
Preference capital	1,50,000	1,00,000	Land and Building	2,00,000	1,70,000
General Reserve	40,000	70,000	Plant	80,000	2,00,000
P and L Account	30,000	48,000	Debtors	1,60,000	2,00,000
Proposed dividend	42,000	50,000	Stock	77,000	1,09,000
Creditors	55,000	83,000	Bills Receivable	20,000	30,000
Bills payable	20,000	16,000	Cash in hand	15,000	10,000
Provision for Tax	40,000	50,000	Cash at Bank	10,000	8,000
	<b>6,77,000</b>	<b>8,17,000</b>		<b>6,77,000</b>	<b>8,17,000</b>

Prepare Comparative Balance Sheet and comment.



8. Calculate the following ratios from the given Balance sheet :

- i) Current ratio
- ii) Fixed Assets to Net worth Ratio
- iii) Debt-Equity Ratio
- iv) Return on capital employed.

### Balance Sheet

Liabilities	₹	Assets	₹
600 Equity shares of ₹ 100 each	60,000	Land	40,000
General Reserve	35,000	Plant	20,000
Equalisation Reserve	5,000	Machines	27,500
Long Term Loans	20,000	Investments	25,000
Bills Payable	30,000	Inventories	30,000
Provision for tax	5,000	Bills Receivable	13,500
P and L A/C :		Cash at Bank	12,000
Balance	1,000	Preliminary Expenses	8,000
Current year	20,000		
	<b>1,76,000</b>		<b>1,76,000</b>





9. From the following Balance Sheets of Popoye Ltd. as on 31<sup>st</sup> Dec. 2020 and 2021, prepare :

- a) Statement of changes in working capital
- b) Funds flow statement.

Working notes are to be shown.

Liabilities	2020	2021	Assets	2020	2021
	₹	₹		₹	₹
Equity share capital	2,00,000	2,50,000	Bank	35,000	16,000
12% Debentures	1,00,000	80,000	Stock	40,000	75,000
10% Preference share capital	50,000	80,000	Bills Receivable	20,000	50,000
Public Deposits	20,000	30,000	Debtors	70,000	1,00,000
Loans	50,000	80,000	Machinery	75,000	60,000
Reserves	20,000	25,000	Furniture	10,000	8,000
P and L A/C	50,000	60,000	Land	1,70,000	2,80,000
Provision for depreciation on machinery	10,000	15,000	Buildings	1,40,000	99,000
Proposed Dividend	20,000	25,000	Goodwill	30,000	25,000
Creditors	40,000	50,000			
Bills payable	30,000	18,000			
	<b>5,90,000</b>	<b>7,13,000</b>		<b>5,90,000</b>	<b>7,13,000</b>

**Additional Information :**

- a) Depreciation charged during 2021 was ₹ 4,000 on Furniture, ₹ 12,000 on Machinery and ₹ 20,000 on Buildings.
- b) Redemption of debentures was made at 10% premium.
- c) Part of machinery was sold for ₹ 15,000 at a loss of Rs. 4,000.
- d) During 2021, interim dividend ₹ 10,000 and Income tax ₹ 5,000 was paid.

10. The balance sheets of Tom and Jerry Ltd. as on 31<sup>st</sup> December 2021 and 2022 are given below :

Assets :	2013 (₹)	2014 (₹)
Cash Balances	50,000	60,000
Trade Debtors	75,000	1,00,000
Inventory	1,40,000	1,20,000
Land	1,00,000	80,000
Plant and Machinery	2,00,000	2,50,000
<b>Total</b>	<b>5,65,000</b>	<b>6,10,000</b>
 Liabilities and Capital :		
Trade Creditors	30,000	40,000
Debentures	1,50,000	90,000
Provision for depreciation on plant	60,000	80,000
Equity share capital	2,00,000	2,40,000
Retained earnings	1,25,000	1,60,000
<b>Total</b>	<b>5,65,000</b>	<b>6,10,000</b>

Cash dividends of ₹ 25,000 have been paid during the year.

Prepare a cash flow statement on indirect basis.



11. Draw up a flexible budget for overhead expenses on the basis of the following data and determine overhead rates at 70%, 80% and 90% plant capacity.

<b>Particulars</b>	<b>At 80% capacity</b>
Variable Overheads :	
Indirect labour	12,000
Stores including spares	4,000
Semi-variable overheads :	
Power (30% fixed, 70% variable)	20,000
Repairs (60% fixed, 40% variable)	2,000
Fixed overheads :	
Depreciation	11,000
Insurance	3,000
Salaries	10,000
Total Overheads	62,000
Estimated direct labor hours	1,24,000 hrs.

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