

**END TERM EXAMINATION**

THIRD SEMESTER (BBA) JANUARY-2024

Paper Code: BBA-207

Subject: Management Accounting

(Batch-2021 Onwards)

Time: 3 Hours

Maximum Marks: 75

**Note: Attempt five questions in all including Q. no.1 which is compulsory. All questions carry equal marks.**

- Q1 Write note on **any five** from the following.
- Zero based budgeting
  - Angle of incidence
  - Capital Gearing Ratio
  - COGS
  - Capital Gearing
  - Calculation of cash flow from financing activities in cash flow statement
  - Contribution
  - Semi-variable overheads
- Q2 Management accounting is an extension of financial accounting. Illustrate explain the need for management accounting.
- Q3 (a) M/s Anamika company has drawn up the following profit and loss account for the year ended 31<sup>st</sup> march, 2019...

Particulars	Amount	Particulars	Amount
Opening Stock	26,000	Sales	1,60,000
Purchases	80,000	Stock	38,000
Wages	24,000		
Manufacturing Expenses	16,000		
Gross Profit	52,000		
Total	1,98,000	Total	1,98,000
Selling and distribution Expenses	4,000	Gross Profit	52,000
Administrative Expenses	22,800	Compensation for acquisition of land	4,800
General Expenses	1,200		
Value of furniture lost by fire	800		
Net Profit	28,000		
Total	56,800		56,800

You are required to calculate

(i) Ratio of operating net profit to net sales

(ii) Operating ratio

(b) "Analysis of financial statements is affected by window dressing and the personal ability and bias of the analyst." Comment.

Q4 The expenses for the budgeted production of 10,000 units in a factory are furnished below:

Particulars	Amount(In Rs.) Per unit
Material	70
Labour	25
Variable overheads	20
Fixed Overheads(Rs. 1,00,000)	10
Variable Overheads(Direct)	5
Selling Expenses (10% Fixed)	13
Distribution Expenses(20% Fixed)	7
Administration Expenses (Rs. 50,000)	5
Total Cost Per Unit( To make and sell)	155

Prepare a budget for the production of

(a) 8,000 units (b) 6,000 units. Assume that administration expenses are fixed for all the levels of production.

Q5 (a) Explain the difference between standard costing and budgetary control.

(b) Explain the concept of analysis of variances along with the types of variances.

Q6 A company budgets for a production of 1,60,000 units. The variable cost per unit is Rs. 12 and fixed cost is Rs. 3 per unit. The company fixes its selling price to fetch a profit of 20% on cost. You are required to find:

(a) What is the break-even point?

(b) What is the profit volume ratio?

(c) If the company reduces its selling prices by 5% , how will the revise selling price affect the break-even point and P/V ratio?

Q7 (a) Make a graphical presentation of Break-even point. What other information can be obtained from this graph?

(b) State the implications of selling the product of a multiple firm at a price less than the marginal cost. What would you advocate selling below the marginal cost?

- Q8 A manufacturer is thinking whether he should drop one item from his product line and replace it with another. Below are given his present cost and output data:

Particulars	Price unit(Rs.)	(per unit(Rs.))	Variable cost per unit(Rs.)	Percentage of sales
Bags	60		40	30%
Books	100		60	20%
colors	200		120	50%

Total fixed costs per year – Rs. 7,50,000

Sales Last year- Rs 25,00,000

The change under consideration consists in dropping the line of books in favor of shoes. If this dropping and change is made the manufacturer forecast the following cost output data:

Particulars	Price per unit (Rs.)	Variable cost Per unit(Rs.)	Percentage of sales
Bags	60	40	50%
Shoes	160	60	10%
colors	200	120	40%

Total fixed costs per year – Rs 7,50,000

Sales this year – Rs. 26,00,000

Is this proposal to be accepted? Comment.

- Q9 "The role of managerial accountant in deciding among alternative sources of action is crucial". Examine this statement with special reference to special order acceptance.

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