

# END TERM EXAMINATION

**THIRD SEMESTER [BBA] DECEMBER 2024****Paper Code: BBA207****Subject: Management Accounting****(BATCH 2021 ONWARDS)****Time: 03:00 Hours****Maximum Marks: 60****Note: Attempt all questions as directed. Internal choice is indicated.**

- Q1 Answer any **four** from the following: (4×5=20)
- a) Angle of Incidence
  - b) Zero base budgeting.
  - c) Margin of Safety
  - d) Relevant Cost and Sunk Cost
  - e) Distinguish between fixed budget and flexible budget.
  - f) Difference between Management Accounting and Financial Accounting
  - g) Limitation of Ratio analysis
  - h) Five functions of Spreadsheet

- Q2 Explain in detail comparative financial statements and trend percentage as tools of financial analysis. (10)

**OR**

- Q3 The following is the summarized Balance Sheets of a company as on 31<sup>st</sup> December, 2022 and 2023:

	2022	2023
<b>Liabilities:</b>	Rs	Rs
Share Capital	2,00,000	2,50,000
General Reserve	50,000	60,000
Profit and Loss	30,500	30,600
Mortgage Loan (Long Term)	70,000	
Sundry Creditors	1,50,000	1,35,200
Provision for Taxation	30,000	35,000
<b>Total</b>	<b>5,30,500</b>	<b>5,10,800</b>
<b>Assets:</b>	Rs	Rs
Land and Building	2,00,000	1,90,000
Machinery	1,50,000	1,69,000
Stock	1,00,000	74,000
Sundry Debtors	80,000	64,200
Cash	500	600
Bank		8,000
Goodwill		5,000
<b>Total</b>	<b>5,30,500</b>	<b>5,10,800</b>

Additional Information: During the year ended 31st December 2023:

- a) Dividend of Rs. 23,000 was paid.
- b) Assets of another company were purchased for a consideration of Rs. 50,000 payable in shares. Assets acquired: Stock Rs. 20,000; Machinery Rs. 25,000.
- c) Machinery was further purchased for Rs. 8,000.
- d) Depreciation written off on machinery Rs. 12,000.
- e) Income-tax provided during the year Rs. 33,000.
- f) Loss on sale of machinery Rs. 200 was written off to general reserve.

**P.T.O.**

You are required to prepare the Cash Flow Statement as per AS 3(Revised) (10)

- Q4 Pooja Ltd is expected to have Rs. 35,000 in its bank account on 1.4.2023. Prepare a cash budget for April, May, and June 2023 from the following estimates. (10)

Month	Sales	Purchase	Salary	Administrative Expenses	Selling Expenses
February	50,000	30,000	6,000	9,000	3,000
March	56,000	32,000	6,500	9,500	3,000
April	60,000	35,000	7,000	10,000	3,500
May	80,000	40,000	9,000	11,500	4,500
June	90,000	40,000	9,500	12,500	4,500

Other information:

- 20% sales on cash. Balance on credit and amount to be collected in the next month.
- Suppliers are paid second month following the purchases.
- Workers salary paid in the same month.
- Administrative and selling expenses are paid in the next month.
- Dividend of Rs 10,000 and Bonus to workers of Rs 15,000 are to be paid in May.
- Income tax of Rs 25,000 to be paid in June.

**OR**

- Q5 From the following data, calculate : (a) material cost variance (b) material price variance (c) material usage variance (d) material mix material (10)

Material	Standard (KG)	Rate (Rs)	Actual (KG)	Rate (Rs)
L	2,000 KG	3.30	2,400 KG	3.50
M	3,000 KG	2.15	3,300 KG	2.30
N	5,000 KG	1.00	4,500 KG	1.10

- Q6 The fixed costs amounts to Rs. 1,50,000. The percentage of variable costs to sales is given to be  $66\frac{2}{3}$ , At 100% capacity level, normal sales are Rs. 9,00,000. Calculate
- P/V ratio
  - Break even point sales and percentage of sales at which it occurs  
Determine profit at 80% capacity sales. (10)

**OR**

- Q7 How marginal costing is different from absorption costing and direct costing? Discuss advantage of marginal costing. (10)

- Q8 Kia pvt Ltd has a capacity to produce 1,00,000 units of a product per month and is producing and selling 80,000 units at present. The variable cost and selling price are Rs. 1.00 and Rs.3.00 respectively. The company has received an export enquiry for 10,000 units @ Rs. 2.00 per unit. Should be export order be accepted given that: (10)
- The fixed cost at present is Rs. 1,00,000 per month
  - All the administrative expenses are fixed at Rs. 12,000 per month'
  - (a) special machine costing Rs. 15,000 would be required to supply this order and this machine can be used for this order only;  
(b) no special machine is required for this order.

**P.T.O.**

OR

Q9

A wrist watch manufacturing company finds that while it cost Rs. 6.25 to make a component, the same is available in the market at Rs. 5.75 each, with the assurance of continued suppl. The breakdown of cost is:

Materials	Rs.2.75 each
Labour	Rs. 1.75 each
Other variables	Rs. 0.50 each
Depreciation	Rs. 1.25

- a) Should you make or buy?
- b) What would be your decision, if the supplier offered the component at Rs. 4.80 each?

(10)

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