

IV SEMESTER BBA EXAMINATION JULY/AUGUST 2023

SCHEME: SEMESTER – CBCS

006

BBA

MANAGEMENT ACCOUNTING

Time: 03 Hours

Max Marks: 80

Instructions to candidate: Answer all parts.

PART - A

I Answer any Two questions. 15 marks each.

2x15=30

- 1) Define Management accounting. Explain the objective and limitations of management accounting.
- 2) The sales and profit of ABC Co. is as follows:

Year	Sales	Profit
2021	600,000	60,000
2022	900,000	120,000

Calculate the following:

- a) P/V ratio
 - b) Fixed cost
 - c) BEP
 - d) Margin of safety
 - e) Sales required to earn a profit of Rs. 2,40,000.
 - f) Profit when sales are Rs. 8,00,000.
- 3) Following is the Balance Sheet of Ramesh Motors Limited as on 31/3/2021

Liabilities	Amount	Assets	Amount
Equity Share Capital	300,000	Good Will	90,000
9% pref Share Capital	150,000	Lands and Buildings	100,000
Reserve fund	50,000	Plant and Machinery	250,000
P and L A/C	20,000	Equipments	60,000
Securities Premium	10,000	Furniture and fittings	80,000
8% debentures	200,000	Sundry Debtors	90,000
6% long term loan	60,000	Bills Receivables	100,000
Sundry Creditors	80,000	Stock in trade	120,000
Provision for tax	20,000	Cash in hand	40,000
Bank overdraft	40,000	Prepaid salary	5,000
O/S Expenses	10,000	Preliminary expenses	4,000
		Discount on issue of debentures	1,000
	9,40,000		9,40,000

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Additional information:

Stock on 01.04.2020 was Rs. 1,20,000, current year sales Rs. 10,00,000, gross profit Rs. 2,50,000, net profit Rs. 1,50,000.

Calculate the following Ratios

- Net profit ratio.
- Current ratio.
- Acid Test Ratio.
- Debt equity ratio.
- Stock turnover ratio.

4) MN manufactures are currently working at 50% capacity and produces 10,000 units and its cost structure is as follows:

Elements of cost	Cost per unit (Rs)
Direct materials	50
Direct labor	40
Factory overhead (50% fixed)	30
Administrative expenses (Rs. 50,000 PA) (100% Fixed)	
Selling expenses (100% Variable)	5
	130
Profit per unit	20
Selling price per unit	150

Prepare a flexible budget and estimate the profit at 60%, 80% and 100% capacity.

PART - B

II Answer any three questions. 10 marks each.

3x10=30

- Define "Marginal Costing." State the assumptions of marginal costing.
- Define Standard Costing. Distinguish between Standard Costing and Budgetary control.
- Mahesh Co Ltd. manufactures and sells 10,000 units of product X at Rs. 50 per unit. The details regarding the cost of production are stated below.

Particulars	Amount
Direct materials	50,000
Direct labour	37,500
Electricity (variable)	12,500
Other expenses (variable)	17,500
Manufacturing expenses (fixed)	45,000
Administration expenses (fixed)	30,000
Total cost	1,92,500

The normal production capacity is 25,000 units per month. The company received an order for 15,000 units at Rs. 32.50 per unit from a foreign market.

You are required to prepare a differential cost analysis for deciding about the acceptance of the order.

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- 8) The standard cost card for one unit of a product shows the following cost for material and labour.
Material 4 kg at Rs. 20 per kg.
Labour 10 hours at Rs. 6 per hour.
5700 units of the product were manufactured during the month of May with the following material and labour cost.
Material 23,000 kgs at Rs. 19.8 per kg labour 56,800 hours at Rs. 7.00 per hours.
Calculate material and labour variances and verify your answer.
- 9) Ajantha Co. has 3 sales divisions at Mandya, Mysore and Maddur. It sells 2 products A and B.

Budgeted and actual sales for the year ending 31.03.2021 are given below.

Place/Division	Product	Budgeted Sales	Actual Sales
Mandya	A	2500 units @ 15	2500 units @ 15
	B	1400 units @12	1650 units @ 12
Maddur	B	1400 units @ 12	3500 units @ 12
Mysore	A	3500 units @ 15	3750 units @ 15

From the response of sales personnel it was considered that sales budget for the year would be higher than 2021 budget in the following aspect.

Mandya Product A 2500 units

Product B 1800 units

Maddur Product B 4000 units

Mysore Product A 4500 units

The revised price for product A Rs. 14

The revised price for product B Rs. 16

Prepare sales budget statement along with budgeted sales and actual sales earlier.

PART - C

III Answer any four out of six questions. 5 marks each.

4x5=20

- 10) Write short notes on BEP and margin of safety.
- 11) State any five limitations of ratio analysis.
- 12) Write a note on differential cost.
- 13) Write any five differences between management accounting and cost accounting.
- 14) Write a note on flexible budget.
- 15) What do you mean by variance analysis?

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