

END TERM EXAMINATION

THIRD SEMESTER [BBA] FEBRUARY 2023

Paper Code: BBA207 **Subject: Management Accounting**
BBA(B&J)207 **(Upto Batch 2020)**

Time: 3 Hours **Maximum Marks: 75**

Note: Attempt five questions in all including Q.No.1 which is compulsory.

- Q1 Answer **any five** from the following: **(5x5=25)**
- a) Difference between Management Accounting and Financial Accounting
 - b) Zero base budgeting
 - c) Break Even Point
 - d) Relevant Cost and Sunk Cost
 - e) Shut Down or Continue decision
 - f) Limitation of Ratio analysis
 - g) Cash Flow Statement
 - h) Responsibility Centres

- Q2 Explain in detail comparative financial statements and trend percentage as tools of financial analysis **(12.5)**

- Q3 The balance sheet of XYZ Ltd. Is given as under for the year ending 31st March, 2022. **(12.5)**

Liabilities	Amount Rs	Asset	Amount
Equity share capital	3,00,000	Goodwill	2,00,000
Reserve fund	1,50,000	Land and building	3,00,000
8% Debenture	2,00,000	Plant and machinery	2,50,000
Mortgage loan	4,00,000	Patents	50,000
Sundry creditors	50,000	Stock	1,50,000
Bills payable	25,000	Sundry debtors	1,00,000
Bank overdraft	40,000	Bills receivable	80,000
Outstanding expenses	10,000	Marketable securities	18,000
Tax liabilities	15,000	Cash balance	40,000
		Prepaid expenses	2,000
	11,90,000		11,90,000

Purchase are Rs. 3,00,000 and sales are Rs. 5,00,000. From the information calculate:

- a) Current ratio
- b) Acid test ratio
- c) Inventory turnover ratio
- d) Average collection period
- e) Debtors turnover ratio
- f) Creditors turnover ratio
- g) Average payment period

On the basis of the above analysis, comment on the cash management of the firm.

P.T.O

- Q4 Define budgetary control. State its objectives. Explain the process by which various budgets are prepared. Distinguish between fixed budget and flexible budget. (12.5)
- Q5 How marginal costing is different from absorption costing and direct costing? Discuss advantage of marginal costing. (12.5)
- Q6 a) From the following data, calculate (a) Material Cost Variance (b) Material Price Variance (c) Material Usage Variance (d) Material Mix Variance (5)

Name of material	Standard		Actual	
	Kg	Rate	Kg	rate
X	8000	1.05	7500	1.20
Y	3000	2.15	3300	2.30
Z	2000	3.30	2400	3.50

- b) The ratio of variable costs to sales is 60%. The breakeven point occurs at 80% of sales. Find the capacity sales when fixed costs are Rs.4,00,000. Determine profits at 90% and 100% of sales. (7.5)
- Q7 A factory is currently running at 50% capacity and produces 5,000 units at a cost of Rs. 90/- per unit as per the details below: (12.5)
- Material Rs. 50
 Labour Rs. 15
 Factory Overhead Rs. 15 (Rs. 6/- fixed)
 Administration Rs. 10 (Rs. 5/- fixed)
 The current selling price is Rs. 100/- per unit
 At 60 % working, material cost per unit increase by 2% and selling price per unit falls by 2%.
 At 80% working, material cost per unit increase by 5% and selling price per unit falls by 5%.
 Estimate the profit earned by the factory at 60% and 80% working and offer your comments. <https://www.ggsipuonline.com>

- Q8 The following is the summarized Balance Sheets of a X Ltd company as on 31st March, 2021 and 2022: (12.5)

	2008	2009
	Rs	Rs
Assets:		
Land and Building	80,000	1,20,000
Plant and Machinery	5,00,000	8,00,000
Stock	1,00,000	75,000
Sundry Debtors	1,40,000	1,50,000
Prepaid Expenses	14,000	12,000
Cash at bank	16,000	18,000
Total	8,50,000	11,75,000

Liabilities	Rs	Rs
Share capital	5,00,000	7,00,000
Profit and loss account	1,00,000	1,60,000
General Reserve	50,000	70,000
Sundry Creditors	1,63,000	2,00,000
Bills Payable	30,000	40,000
Outstanding Expenses	7,000	5,000
total	8,50,000	11,75,000

Additional Information:

- a) Rs.50,000 depreciation has been charged to plant and machin during the year,2009.
- b) A piece of machinery was sold for Rs 8,000 during 2009, it l cost Rs 12,000, depreciation of Rs.7,000 has been provided on it
- You are required to prepare the Cash Flow Statement as per 3(Revised)

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Exam Roll No.

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.
- (a) Zero based budgeting
 - (b) Angle of incidence
 - (c) Capital Gearing Ratio
 - (d) COGS
 - (e) Capital Gearing
 - (f) Calculation of cash flow from financing activities in cash flow statement
 - (g) Contribution
 - (h) Semi-variable overheads
- Q2 Management accounting is an extension of financial accounting. Illucidate 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 31st 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

P.T.O.

- (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 (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.

END TERM EXAMINATION

THIRD SEMESTER [BBA] FEBRUARY 2023

Paper Code: BBA207

BBA(B&I)203

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.

- Q1 Answer **any five** from the following: (5x5=25)
- a) Difference between management accounting and financial accounting.
 - b) Zero base budgeting.
 - c) Margin of Safety
 - d) Relevant Cost and Sunk Cost
 - e) Make or Buy decision
 - f) Du point Analysis
 - g) What is the main use of spreadsheet?
 - h) Cash Flow Statement

- Q2 Discuss the computation and significance of the following financial ratio:
i) Current ratio (ii) Quick Ratio (iii) Interest Coverage ratio (iv) Earning Per Share (v) Stock turnover ratio (12.5)

- Q3 Ranbaxy Pvt Ltd is expected to have Rs. 25,000 in its bank account on 1.4.2022. Prepare a cash budget for April, May, and June 2022 from the following estimates. (12.5)

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:

- a) 20% sales on cash. Balance on credit and amount to be collected in the next month.
 - b) Suppliers are paid second month following the purchases.
 - c) Workers salary paid in the same month.
 - d) Administrative and selling expenses are paid in the next month.
 - e) Dividend of Rs 10,000 and Bonus to workers of Rs 15,000 are to be paid in May.
 - f) Income tax of Rs 25,000 to be paid in June.
- Q4 Prakash Steel Co. has prepared the following budget estimates for the year 2014-15: (5+7.5=12.5)
- | | |
|----------------|----------------|
| Sales units: | 15,000 |
| Fixed Expenses | Rs. 34,000 |
| Sales value | Rs.1,50,000 |
| Variable Costs | Rs. 6 per unit |

You are required to:

- a) Find the P/V ratio, Break-even Point and Margin of Safety.
- b) Calculate the revised P/V Ratio, Break even point and Margin of safety in each of the following cases:
 - i) Decrease of 10% in selling price
 - ii) Increase of 10% variable costs.
 - iii) Increase of sales volume by 2000 units
 - iv) Increase of Rs 6,000 in fixed costs.

Q5 How marginal costing is different from absorption costing and direct costing? Discuss advantage of marginal costing. (12.5)

Q6 a) From the following data, calculate (a) Material Cost Variance (b) Material Price Variance (c) Material Usage Variance (d) Material Mix Variance (5)

Name of material	Standard		Actual	
	Kg	Rate	Kg	rate
X	8000	1.05	7500	1.20
Y	3000	2.15	3300	2.30
Z	2000	3.30	2400	3.50

b) Explain in detail comparative financial statements and trend percentage as tools of financial analysis. (7.5)

Q7 Super Fashion Pvt. Limited submits the following information of cost in respect of its two products: (12.5)

Particulars	Waxy (per unit) (Rs.)	Glaxy (per unit) (Rs)
Direct Material	20	30
Direct Wages	20	15
Variable overhead	15	25
Fixed overhead	15,000	15,000
Selling price	75	125

You are required to recommend the management the profitable sale mix from the below mentioned alternatives:

- a) 600 units of Waxy only.
- b) 800 units of Glaxy only.
- c) 100 units of Waxy and 300 units of Glaxy.
- d) 300 units of Waxy and 200 units of Glaxy.

Q8 Define budgetary control. State its objectives. Explain the process by which various budgets are prepared. Distinguish between fixed budget and flexible budget. (12.5)
