



DCBB – 401

IV Semester B.B.A. Examination, September/October 2023

(NEP – Freshers)

BUSINESS ADMINISTRATION

Paper – 4.1 (DSC) : Management Accounting

Time : 2½ Hours

Max. Marks : 60

Instruction : Answer should be written in English only.

SECTION – A

Answer **any five** of the following. **Each** question carries **two** marks.

(5×2=10)

1. a) Define Management Accounting.
- b) Give the meaning of Ratio Analysis.
- c) How do you calculate Earnings Per Share ?
- d) What do you mean by Cash Inflow and Cash Outflow ?
- e) What is master budget ?
- f) Write the meaning of Break Even Analysis.
- g) What is Marginal Costing ?

SECTION – B

Answer **any three** of the following. **Each** question carries **four** marks.

(3×4=12)

2. What are the functions of Management Accounting ?
3. From the following information calculate :

- a) Gross Profit Ratio
- b) Net Operating Profit Ratio
- c) Net Profit Ratio.

Net Sales : ₹ 5,00,000

Cost of goods sold : ₹ 3,50,000

Selling Expenses : ₹ 12,000

Administrative Expenses : ₹ 8,000

Interest Income : ₹ 5,000

Loss on sale of Old Vehicle : ₹ 12,000

P.T.O.



4. After taking into following consideration Srinivasmurthy Ltd. made a net profit of rupees 1,50,000. You are required to compute cash from operations.

Particulars	Rs.
Gain on sale of building	20,000
Loss on sale of Machinery	20,000
Depreciation on Buildings	15,000
Depreciation on Machinery	8,000
Goodwill written off	9,000
Preliminary expenses written off	5,000
Provision for taxation	7,000

5. Summarised below are the incomes and expenditure forecasts for the months of March to July 2023.

Month	Sales (₹)	Purchases (₹)	Wages (₹)
March	60,000	36,000	9,000
April	62,000	38,000	8,000
May	64,000	33,000	10,000
June	58,000	39,000	8,500
July	56,000	39,000	9,500

Prepare cash budget for three months ending on 31st July 2023.

- Cash balance on 1st May 2023 is ₹ 8,000
 - Credit allowed by suppliers for purchases is two months.
 - Credit allowed to customers for sales is one month.
 - Delay in payment of wages is one month.
6. From the following particulars, find out the selling price per unit if Break Even Point is to be brought down to 9,000 units :
- Variable cost per unit is ₹ 75
 Fixed Expenses ₹ 2,70,000
 Selling price per unit ₹ 100

SECTION – C

Answer **any three** of the following. **Each** question carries **ten** marks. **(3×10=30)**

- Explain the advantages and limitations of Management Accounting.
- The following is the Balance Sheet of Sandhya Electric Co. as on 31st April 2023.

Liabilities	Rs.	Assets	Rs.
Equity Capital	2,00,000	Land and Buildings	1,50,000
Debentures	1,00,000	Plant and Machinery	85,000
Sundry Creditors	48,000	Short Term Investments	16,000



Bills Payable	10,000	Stock in trade	50,000
Bank Overdraft	5,000	Debtors	59,000
Outstanding Expenses	2,000	Prepaid Expenses	1,000
		Cash in hand	4,000
Total	3,65,000	Total	3,65,000

Calculate the following ratios.

- a) Current Ratio
- b) Quick Ratio
- c) Absolute Liquid Ratio
- d) Debt Equity Ratio.

9. Following is the Balance Sheet of Muninarayanappa Co. Ltd. as at 31-3-2022 and 31-3-2023.

Liabilities	31-3-2022	31-3-2023	Asset	31-3-2022	31-3-2023
Equity share Capital	3,00,000	3,50,000	Land and Buildings	2,30,000	3,90,000
Share Premium	–	30,000	Plant and Machinery	85,400	1,40,000
General Reserve	45,000	65,000	Furniture	5,500	6,500
Profit & Loss A/c	30,000	80,800	Stock	82,400	95,700
6% Debentures	–	70,000	Sundry Debtors	75,000	85,500
Sundry Creditors	85,000	90,700	Bank Balance	34,200	44,300
Provision for Taxation	22,500	40,500			
Proposed Dividend	30,000	35,000			
Total	5,12,500	7,62,000	Total	5,12,500	7,62,000

Additional Information :

Depreciation written off during the year	₹
Land and Building	60,000
Plant and Machinery	50,000
Furniture	1,200

You are required to prepare cash flow statement.



10. Prepare a flexible budget for production at 80%, 100% and 120% activity on the basis of the following information.

Production at 50% capacity	5,000 units
Raw materials	₹ 80 per unit
Direct Labour	₹ 50 per unit
Direct Expenses	₹ 15 per unit
Factory Expenses	₹ 50,000 (50% fixed)
Administration expenses	₹ 60,000 (60% variable)

11. The following figures are available from the record of Prakash Enterprises as on 31-3-2022 and 31-3-2023.

Particulars	2022	2023
Sales in ₹	1,50,000	2,00,000
Profit in ₹	30,000	50,000

Calculate :

- The P/V ratio and
- The break-even level of sales
- Sales required to earn a profit of ₹ 90,000
- Profit or loss that would arise if the sales were ₹ 2,80,000
- Variable cost for two years.

SECTION – D

Answer **any one** of the following. **Each** carries **8** marks. **(1×8=8)**

12. Assume, that you are a Management Accountant in a manufacturing company. Since past 5 years (five) profits of the company is decreasing every year. As a Management Accountant which technique you will use to analyse and what steps will be taken by you to improve the profits.
13. Compare, Analyse and Comment on the given below ratios.

Capital Structure Ratios	Company A	Company B
Debt Equity Ratio	0.33	0.5
Proprietary Ratio	0.6	0.45
Interest Coverage Ratio	8 Times	10 Times
Debt to Total Funds Ratio	0.56	0.45
Capital Gearing Ratio	1.2	0.9