



BBA IV Semester Degree Examination, September/October - 2023

MANAGEMENT

DSC 10 : Management Accounting and Control Systems

(NEP)

Time : 2 Hours

Maximum Marks : 60

Note : Attend **all** sections.

SECTION - A

1. Answer the following sub-questions, each sub-question carries **one** mark. **10x1=10**
- (a) Mention any two limitation of Management Accounting.
 - (b) State any two objectives of Management Accounting.
 - (c) What is Solvency ratio ?
 - (d) Give the formula for Debt - Equity ratio.
 - (e) What is Notional Cash Flow ? Give an example.
 - (f) What is Cash Flow statement ?
 - (g) Write the basic Marginal Cost Equation.
 - (h) What is breakeven point ?
 - (i) What is Master Budget ?
 - (j) What is Flexible Budget ?



SECTION - B

Answer **any four** of the following questions, each question carries **five** marks. **4x5=20**

2. Explain the differences between Cost Accounting and Management Accounting.
3. Calculate Current ratio and Quick ratio from the following information.

	(Rs)
Sundry Debtors	4,00,000
Prepaid Expenses	40,000
Debentures	2,00,000
Stock	1,60,000
Bills payable	80,000
Marketable Securities	80,000
Sundry Creditors	1,60,000
Cash	1,20,000
Outstanding Expenses	1,60,000

4. Explain the limitations of Cash Flow statement.
5. A Ltd. has total turnover of Rs. 10 lakhs. It is enjoying 30% margin of safety. Its total variable cost is 60% of sales.
Calculate : (a) Break-Even sales (b) Fixed Cost.
6. Calculate cash collected from Debtors from the following information.

Month	Sales (Rs)
February	1,20,000
March	1,30,000
April	80,000
May	1,16,000
June	88,000

25% of the sales realised in the same month and the balance realised equally in two subsequent months.

7. Explain the Limitations of Ratio Analysis.



SECTION - C

Answer **any three** of the following questions, each question carries **ten** marks.

3x10=30

8. Define Management Accounting. Explain its functions.

9. From the following Balance Sheet of Surya Ltd calculate :

- (i) Current ratio (ii) Quick ratio (iii) Proprietary ratio
(iv) Debt Equity ratio (v) Capital Geasing ratio

Statement of Assets and Liabilities

Particulars	Note	Amount	Total
I. Equity and Liabilities			
(1) Share holders funds :			
(a) Share capital	1	4,50,000	
(b) Reserves and Surplus	2	<u>77,000</u>	5,27,000
(2) Non current Liabilities :			
Long term borrowings	3		2,60,000
(3) Current Liabilities :			
Trade payable	4	80,000	
Short term provisions	5	<u>20,000</u>	<u>1,00,000</u>
Total			<u>8,87,000</u>
II. Assets			
(1) Non current Assets			
(a) Fixed Assets :			
(i) Tangible Assets	6	4,40,000	
(ii) Intangible Assets	7	<u>90,000</u>	5,30,000
(2) Current Assets :			
Inventories	8	1,20,000	
Trade receivables	9	1,90,000	
Cash and Cash Equivalent	10	45,500	
Short term loans and advances	11	<u>1,500</u>	<u>3,57,000</u>
Total			<u>8,87,000</u>



Notes to Accounts :**Note 1 :** Share Capital

Equity share capital		3,00,000
9% preference share capital		1,50,000
Share capital		<u>4,50,000</u>

Note 2 : Reserves and Surplus

Share Premium		10,000
Reserve Fund		50,000
Profit and Loss		20,000
		<u>80,000</u>

Less :	Preliminary Expenses	2,000	
Less :	Discount on issue of Debenture	<u>1,000</u>	<u>3,000</u>
	Reserves and Surplus		<u>77,000</u>

Note 3 : Long term borrowings

8% Debentures		2,00,000
6% Mortgage loan		60,000
Long term borrowings		<u>2,60,000</u>

Note 4 : Trade payable

Sundry creditors		<u>80,000</u>
		<u>80,000</u>

Note 5 : Short term provisions

Income tax provisions		20,000
Short term provisions		<u>20,000</u>

Note 6 : Tangible Assets

Land and Buildings		1,80,000
Plant and Machinery		2,50,000
Equipments		60,000
		<u>4,90,000</u>
Less : Depreciation Fund		50,000
Tangible Asset		<u>4,40,000</u>

Note 7 : Intangible Assets

Goodwill		90,000
Intangible Assets		<u>90,000</u>



Note 8 : Inventories	
Stock in hand	1,20,000
Inventories	<u>1,20,000</u>
Note 9 : Trade Receivables	
Sundry Debtors	1,92,000
less : provisions	2,000
Trade receivables	<u>1,90,000</u>
Note 10 : Cash and cash Equivalents	
Cash Balance	45,500
Cash and cash Equivalents	<u>45,500</u>
Note 11 : Short term loans and advances	
Prepaid Insurance	1,500
Short term loans and advances	<u>1,500</u>

10. The Balance Sheet of "X Ltd." as on 31/03/2021 and 31/03/2022 were as follows :

Particulars	31/03/2021 (₹)	31/03/2022 (₹)
<u>Liabilities and capital</u>		
Share capital	5,00,000	7,00,000
Profit and loss A/c	1,00,000	1,60,000
General Reserves	50,000	70,000
Sundry creditors	1,63,000	2,00,000
Bills payable	30,000	40,000
Outstanding Expenses	7,000	5,000
	<u>8,50,000</u>	<u>11,75,000</u>
<u>Assets</u>		
Land and Buildings	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
	<u>8,50,000</u>	<u>11,75,000</u>

Additional information :

- (i) ₹ 50,000 Depreciation has been charged to plant and Machinery during the year 2022.
 - (ii) A piece of Machinery was sold for ₹ 8,000 during 2022. It had cost 12,000 depreciation of ₹ 7,000 has been provided on it.
- Prepare cash flow statement from the above details.



11. The sales and profits of PQR Co. Ltd. during the two periods were as follows :

Period	Sales ₹	Profit ₹
2016	1,80,000	30,000
2017	2,40,000	45,000

You are required to calculate :

- P/v ratio
 - Break-even point (in value)
 - The sales required to earn a profit of ₹ 75,000
 - Profit when sales are ₹ 7,50,000
 - Margin of safety at a profit of ₹ 1,25,000
12. Aditri Ltd. wants you to prepare the cash Budget of the company for 3 months from April to June 2021. You are given the following information.

Month	Credit sales (₹)	Credit purchases (₹)	Wages (₹)	Selling expenses (₹)	Overhead (₹)
January	1,60,000	85,000	32,000	8,000	10,000
February	1,85,000	92,000	37,000	9,500	11,500
March	2,10,000	1,00,000	42,000	10,500	13,000
April	2,45,000	1,20,000	49,000	12,500	14,500
May	1,78,000	90,000	35,000	8,900	10,500
June	1,82,000	98,000	36,000	9,000	11,000

Additional Information :

- Period of credit allowed to debtors 2 months.
- Period allowed by creditors – 1 month.
- Lag in payment of wages, selling expenses and overhead 1 month.
- Expected cash sales ₹ 15,000 per month.
- Expenditure on Machinery is payable ₹ 50,000
- Expected cash balance in April ₹ 10,500

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