

BBA 3005

B.B.A. DEGREE EXAMINATION, JANUARY 2021.

Third Year/Non-Semester

Business Administration

ACCOUNTING AND MANAGEMENT DECISIONS

Time : Three hours

Maximum : 100 marks

PART A — (5 × 8 = 40 marks)

Answer any FIVE out of Eight questions.

1. Describe the salient features of management accounting.
2. From the following balance sheets of Polycabs Ltd for 2016 at 2017 and prepare a common size statement.

Balance Sheet

(Rs. in lakhs)

Liabilities	2016	2017	Assets	2016	2017
	Rs.	Rs.		Rs.	Rs.
Bills payable	50	75	Cash	100	140
Sundry creditors	250	350	Sundry debtors	200	300
Preference sh. capital	400	450	Stock	200	300

Equity share capital	400	400	Land and		
Reserves and surplus	200	245	buildings	400	370
			Plant and		
			machinery	400	410
	<u>1,300</u>	<u>1,520</u>		<u>1,300</u>	<u>1,520</u>

3. SIEMENS Battery Co. Ltd furnishes the following information for the current year divided into two sub-parts.

Items	First Half	Second Half
Sales	8,10,000	10,26,000
Profit earned	21,600	64,800

From the above , you are required to compute the following, assuming that the fixed cost remains the same in both the periods.

- P/V ratio
- Fixed cost
- The amount of profit or loss when sales are Rs.6,48,000
- The amount of sales to earn a profit of Rs.1,08,000.

4. Define-standard costing. Distinguish between budgetary control and standard costing.
5. From the following balance sheet, calculate
 - (a) Debt-equity ratio
 - (b) Liquid ratio
 - (c) Proprietary ratio and
 - (d) Fixed assets turnover ratio.

Balance sheet

Liabilities	Amt	Assets	Amt
Equity shares	1,00,000	Goodwill	60,000
Reserves and surplus	20,000	Fixed assets	1,40,000
Profit and loss a/c	30,000	Stock	30,000
Secured loan	80,000	Sundry debtors	30,000
Sundry creditors	50,000	Bills receivables	10,000
Provision for taxes	20,000	Cash and bank	30,000
		balances	
	3,00,000		3,00,000

The sales for the year was Rs.5,60,000.

6. From the following profit and loss account, ascertain the amount of funds from operations.

Profit and loss a/c			
Dr	Rs.	Cr	Rs.
To salaries	10,000	By gross profit b/d	45,000
To rent	6,000	By profit on sale of	
To provision for		furniture	1,000
debt	4,000	By dividend	4,000
To interest	5,000		
To provn for			
depreciation	6,000		
To provn for			
taxation	8,000		
To loss on sale			
of plant	2,000		
To discount on			
issue of shares	1,000		
To net profit c/d	8,000		
	50,000		50,000

7. Define cash flow analysis. Distinguish between funds flow analysis and cash flow analysis.

8. From the following data, calculate material price variance, material usage variance and material mix variance.

Consumption per 100 units of product :

Materials	Standard	Actual
A	40 units @ Rs. 50 per unit	50 units @ Rs. 50 per unit
B	60 units @ Rs. 40 per unit	60 units @ Rs 45 per unit

PART B — (4 × 15 = 60 marks)

Answer any FOUR out of Six questions.

9. Define management accounting. Distinguish between the financial accounting and management accounting.
10. The following particulars are obtained from costing records of a factory.

Particulars	Product	
	A (per unit)	B (per unit)
Selling price (Rs)	200	500
Material (Rs. 20 per litre)	40	160
Labour (Rs. 10 per hour)	50	100
Variable overheads	20	40

Total fixed overheads Rs. 15,000.

Comment on the profitability of each product when

- (a) Raw materials are in short supply
- (b) Production capacity is limited
- (c) Sales quantity is limited
- (d) Sales value is limited.

11. Calculate :

- (a) Sales value variance
- (b) Sales price variance
- (c) Sales volume variance
- (d) Sales mix variance and
- (e) Sub-volume variance.

Product	Budget		Actual	
	Qty	Price	Qty	Price
A	400	30	500	31
B	200	25	100	24
	<u>600</u>		<u>600</u>	

12. The following figures relate to first Garments Ltd for the year ended 31st March 2018.

Trading and Profit and Loss a/c.

Dr	Rs.	Cr	Rs.
To opening stock	75,000	By sales	5,20,000
To purchases	3,25,000	Less :	
To gross profit c/d	2,00,000	Returns	<u>20,000</u> 5,00,000
		By closing stock	1,00,000
	<u>6,00,000</u>		<u>6,00,000</u>
To operating exp :		By gross profit b/d	2,00,000
Administration	40,000	By Non-	
Selling	25,000	operating	
To non-operating exp :		income :	
Loss on sale of assets	5,000	Dividend	9,000
		Profit on sale of	
To net profit c/d	<u>1,50,000</u>	shares	<u>11,000</u> 20,000
	<u>2,20,000</u>		<u>2,20,000</u>

Balance sheet			
Liabilities	Amt	Assets	Amt
2000 equity shares of Rs. 100 each	2,00,000	Land and buildings	1,50,000
Reserves and surplus	90,000	Plant and machinery	80,000
Current liabilities	1,50,000	Stock	1,00,000
Profit and loss a/c	60,000	Debtors	1,40,000
	5,00,000	Cash	30,000
			5,00,000

You are required to calculate :

- (a) Gross profit ratio
- (b) Operating ratio
- (c) Operating expenses ratio
- (d) Net profit ratio
- (e) Stock turnover ratio
- (f) Return on total assets ratio
- (g) Fixed assets turnover ratio
- (h) Total assets turnover ratio.

13. The balance sheets of I. Raja and B. Raja as on 2017 and 2018 were as follows :

Liabilities	2017	2018	Assets	2017	2018
	Rs.	Rs.		Rs.	Rs.
Creditors	40,000	44,000	Cash	10,000	7,000
Mrs. B. Raja's loan	25,000	–	Debtors	30,000	50,000
Loan from PN bank	40,000	50,000	Stock	35,000	25,000
Capital	1,25,000	1,53,000	Machinery	80,000	55,000
			Land	40,000	50,000
			Buildings	35,000	60,000
	<u>2,30,000</u>	<u>2,47,000</u>		<u>2,30,000</u>	<u>2,47,000</u>

During the year a machine costing Rs.10,000 (accumulated depreciation Rs.3,000) was sold for Rs. 5,000. The provision for depreciation against machinery as on 2017 was Rs.25,000 at 2018 was Rs.40,000. Net profit for the year 2018 amounted to Rs.45,000.

You are required to prepare

- A schedule of changes in working capital
- Funds flow statement.

14. Prepare a flexible budget for overheads on the basis of the following data. Ascertain the overhead rates at 50%, 60% and 70% capacity.

Items	At 60% capacity (Rs)
Variable overheads :	
Indirect material	6,000
Indirect labour	18,000
Semi-variable overheads:	
Electricity (40% fixed; 60% variable)	30,000
Repairs (80% fixed , 20% variable)	3,000
Fixed overheads:	
Depreciation	16,500
Insurance	4,500
Salaries	15,000
Total overheads	<u>93,000</u>

Estimated direct labour hours 1,86,000.