Exam.Code:0022
Sub. Code: 0872

2071
Bachelor of Business Administration
Second Semester
BBA-126: Managerial Accounting

Time allowed: 3 Hours

Max. Marks: 80

NOTE: *Attempt four short answer type questions from Section–A. Attempt two questions each from Section B and C respectively.*

x-x-x

Section – A

1. Q: The current ratio is 2 : 1. State giving reasons which of the following transactions would improve, reduce and not change the current ratio:
(a) Payment of current liability;
(b) Purchased goods on credit;
(c) Sale of a Computer (Book value: Rs. 4,000) for Rs. 3,000 only;
(d) Sale of merchandise (goods) costing Rs. 10,000 for Rs. 11,000;
(e) Payment of dividend.

2. Q: Explain the process of preparation of common size statement with the help of any example of your choice.

3. Q:

a) If the net profits earned during the year is Rs. 50,000 and the amount of debtors in the beginning and the end of the year is Rs. 10,000 and Rs. 20,000 respectively, then What is the cash from operating activities.

b) If the net profits made during the year are Rs. 50,000 and the bills receivables have decreased by Rs. 10,000 during the year then what is the cash flow from operating activities?

4. Q: If the actual sales is Rs. 200000, Fixed Expense = Rs. 60000, Selling Price = Rs. 25 and Variable Cost per unit = Rs. 15. What is the Margin of Safety?

5. Q: What is the break even point if the fixed cost is Rs. 200000, Selling Price Per Unit = Rs25 and the variable cost per unit = Rs. 15

6. Q: write a note on P/V ratio.

Section B

7. Q: For each of the following transactions, separately calculate the resulting cash flow and state the nature of cash flow, viz., operating, investing and financing.

(a) Acquired machinery for Rs. 2,50,000 paying 20% by cheque and executing a bond for the balance payable.
(b) Paid Rs. 2,50,000 to acquire shares in Informa Tech. and received a dividend of Rs. 50,000 after acquisition.

Contd……P/2

(c) Sold machinery of original cost Rs. 2,00,000 with an accumulated depreciation of Rs. 1,60,000 for Rs. 60,000.
d) Borrowed Rs. 60000 as Loan from Bank at Interest rate of 7% pa
e) Paid Interest Rs. 4200 on above loan
f) Invested in Shares of XYZ Limited Rs. 70000
g) Received Dividend of Rs. 1000 on above shares
h) Profit after Depreciation and Taxes Rs. 250000, depreciation and taxes charged respectively Rs. Rs. 10000 and Rs.35000.

8. Q: Compute Gross Profit Ratio, Working Capital Turnover Ratio, Debt Equity Ratio and Proprietary Ratio from the following information:

Paid-up Share Capital	Rs. 5,00,000
Current Assets	Rs. 4,00,000
Revenue from Operations	Rs. 10,00,000
13% Debentures	Rs. 2,00,000
Current Liabilities	Rs. 2,80,000
Cost of Revenue from Operations	Rs. 6,00,000

9. Q: Critically evaluate the various tools of financial analysis.

10. Q: What is a fund flow statement? Explain the process of preparation of fund flow statement with the help of any example of your choice.

Section C

11. Q: "Marginal Costing technique is of great help in taking various types of Important Managerial Decisions" Elaborate this statement.

12. Q: ABC ltd has drawn up the following statement for the year 2019-20:

	Rs.
Materials	15,00,000
Labour and other variable cost	4,00,000
Fixed Manufacturing Expenses	5,00,000
Variable Selling and Distribution Expenses	3,50,000
Fixed administrative Overheads	2,50,000
	30,00,000
Sales Revenue @ Rs.50 per Unit	40,00,000
Net Profit (Budgeted)	10,00,000

The General manager suggests to reduce selling prices by 5% and expects to achieve an additional volume of 50%. The more intensive manufacturing program will involve additional costs of Rs. 40,000 for production planning. It will also be necessary to open an additional sales office at the cost of Rs. 1,20,000 per annum.
The sales manager on the other hand suggested that to increase selling price by 10%, which it is estimated will reduce sales volume by 10%. At the same time a saving in manufacturing overheads and general overheads of Rs. 50000 and Rs. 1,20,000 per annum respectively is expected on this reduced volume. Which of these two proposals would you accept and why? Show complete working.

13. Q: Write note on the followings:

    i) Margin of Safety
    ii) Key Factor
    iii) Break Even Chart

14. Q: ABC Limited is in the business of selling Televisions having a capacity to manufacture 50000 TVs in a year. At present ABC limited has a domestic market of only 40000 TVs and therefore it is manufacturing 40000 units. The Selling Price of one TV in the local market is Rs. 20000 and the variable cost it is incurring to make one TV is Rs. 13000. The fixed expenses being earned by the company is Rs. 1400000 p.a. Company gets an offer from foreign buyer to buy the 10000 units @ Rs. 14500 per unit which the company can meet by making use of the unutilised capacity.

    a) Guide the Company whether it should accept the foreign order of selling 10000 TVs at a Price of Rs.14500 per unit or not. Complete justification alongwith calculations is needed.
    b) If the above order of buying the additional 10000 TVs is from a domestic concern, then what is your advice to the company w.r.t. acceptance or rejection of order.

x-x-x