



Roll No.																				
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**PRESIDENCY UNIVERSITY  
BENGALURU  
SCHOOL OF LAW**

**MID TERM EXAMINATIONS**

**Sem & AY:** Odd Sem. 2019-20

**Date:** 18.10.2019

**Course Code:** BBL102

**Time:** 2:00PM to 4:00PM

**Course Name:** MANAGERIAL ACCOUNTING

**Max Marks:** 60

**Program & Sem:** BBA. LL.B. (Hons.) & III

**Weightage:** 30%

**Instructions:**

- i. All Questions are compulsory

**Part A [Memory Recall Questions]**

**Answer all the Questions. Each Question carries six marks. (3Qx6M=18M)**

1. What do you understand by Management Accounting (C.O.NO.1) [Knowledge]
2. Why is statement of cash flow preferred over the Funds flow statement (C.O.NO.2) [Knowledge]
3. Give a proforma for ascertainment of profit under Marginal costing (C.O.NO.3) [Knowledge]

**Part B [Thought Provoking Questions]**

**Answer ALL the Questions. Each Question carries ten marks. (3Qx10M=30M)**

4. State the following transaction in a cash flow statement (C.O.NO.2) [Comprehension]
  - a. Purchase of building by issue of shares
  - b. Payment of Dividend
  - c. Profit on Sale of Machinery
  - d. Amortization of capital grant
5. From the following ratios relating to the activities of Bengal traders, find out (a) Sales (b) Sundry Debtors (c) Sundry Creditors (d) Closing stock

Debtor's velocity	3 months
Stock Velocity	6 months
Creditor's Velocity	2 months
Gross Profit Ratio	20%

Gross profit for the year ended 31<sup>st</sup> Dec 2017 was Rs. 500000. Stock as on 31<sup>st</sup> Dec 2017 was Rs.20000 in excess of opening stock. Bills Receivable and Bills payable were Rs.60000 and Rs.36667 respectively. (C.O.NO.2) [Application]

6. Give a comparative description of absorption costing and marginal costing.  
(C.O.NO.3) [Comprehension]

**Part C [Problem Solving Questions]**

**Answer the Questions. The Question carries twelve marks. (1Qx12M=12M)**

7. From the following Balance sheet of A Co. Ltd, (C.O.NO.2) [Application]  
Make out Fund Flow Statement.

Liabilities	2016 Rs.	2017 Rs.	Assets	2016 Rs.	2017 Rs.
Equity Share Capital	300000	400000	Goodwill	115000	90000
8% Red. Pref. Share Capital	150000	100000	Land & Building	200000	170000
General Reserve	40000	70000	Plant	80000	200000
Profit & loss A/C	30000	48000	Debtors	160000	200000
Proposed Dividend	42000	50000	Stock	77000	109000
Creditors	55000	83000	Bills Receivable	20000	30000
Bills Payable	20000	16000	Cash in Hand	15000	10000
Provision for Taxation	40000	50000	Cash at Bank	10000	8000
Total	677000	817000	Total	677000	817000

**Additional Information:**

- i. Depreciation of Rs.10000 and Rs.20000 have been charged on Plant and Land & Building respectively in 2017.
- ii. Interim Dividend of Rs.20000 has been paid in 2017.
- iii. Income tax Rs.35000 has been paid during the year 2017.



## SCHOOL OF LAW

**Sem & AY:** III Sem 2019-2020

**Course Code:** BBL102

**Course Name:** MANAGERIAL ACCOUNTING

**Date:**

**Time:** 2 hours

**Max Marks:** 60

**Weightage:** 30%

### Extract of question distribution [outcome wise & level wise]

Q.NO	C.O.NO (%age of CO)	Unit/Module Number/Unit /Module Title	Memory recall type	Thought provoking type	Problem Solving type [Marks allotted]	Total Marks
			[Marks allotted] Bloom's Levels	[Marks allotted] Bloom's Levels		
			K	C	A	
1	1	1	6			6
2	2	2	6			6
3	3	3	6			6
4	2	2		10		10
5	2	2			10	10
6	3	3		10		10
7	2	2			12	12
	Total Marks		18	20	22	60

K = Knowledge Level C = Comprehension Level, A = Application Level

Note: While setting all types of questions the general guideline is that about 60%

Of the questions must be such that even a below average students must be able to attempt, About 20% of the questions must be such that only above average students must be able to attempt and finally 20% of the questions must be such that only the bright students must be able to attempt.

I hereby certify that all the questions are set as per the above guidelines. [Name of faculty]

Reviewer's Comments:

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## Annexure- II: Format of Answer Scheme



### SCHOOL OF LAW

#### SOLUTION

Semester: III

Course Code: BBL102

Course Name: MANAGERIAL ACCOUNTING

Date:

Time: 2 hours

Max Marks: 60

Weightage: 30%

#### Part A

(3Q x6 M =18 Marks)

Q No	Solution	Scheme of Marking	Max. Time required for each Question																
1	<p>Management Accounting is the application of professional knowledge and skill in the preparation of accounting information in such a way as to assist management in the formulation of policies and in the planning and control of the operations of the undertaking</p> <p style="text-align: right;">- CIMA,London</p>	<b>6</b>	<b>10 mins</b>																
2	<p>Cash flow statement is preferred over fund flow statement as cash flow statement focuses on cash flow rather than working capital. Hence study of management cash and cash equivalent is more useful than the study of movement of working capital. Moreover it gives better idea of liquidity of the company</p>	<b>6</b>	<b>10 mins</b>																
3	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Sale</td> <td style="text-align: right;">xxxx</td> </tr> <tr> <td>(-) Variable cost</td> <td style="text-align: right;">xxxx</td> </tr> <tr> <td></td> <td style="text-align: right;">-----</td> </tr> <tr> <td>Contribution</td> <td style="text-align: right;">xxxx</td> </tr> <tr> <td>(-)Fixed Cost</td> <td style="text-align: right;">xxxx</td> </tr> <tr> <td></td> <td style="text-align: right;">-----</td> </tr> <tr> <td>Profit</td> <td style="text-align: right;">xxxx</td> </tr> <tr> <td></td> <td style="text-align: right;">-----</td> </tr> </table>	Sale	xxxx	(-) Variable cost	xxxx		-----	Contribution	xxxx	(-)Fixed Cost	xxxx		-----	Profit	xxxx		-----	<b>6</b>	<b>10 mins</b>
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(-) Variable cost	xxxx																		
	-----																		
Contribution	xxxx																		
(-)Fixed Cost	xxxx																		
	-----																		
Profit	xxxx																		
	-----																		



**Part B**

(3Q x 10M = 30 Marks)

Q No	Solution	Scheme of Marking	Max. Time required for each Question									
4	<p>a. Purchase of building by issue of shares = Cash flows from financing activities</p> <p>b. Payment of Dividend = Cash flows from financing activities</p> <p>c. Profit on Sale of Machinery = Cash flows from operating activities</p> <p>d. Amortization of capital grant = Cash flows from operating activities</p>	10	20mins									
5	<p><b>a. Sales</b>            Gross profit Ratio = (Gross profit/Sale) x 100            20% = (Rs.5,00,000/Sales) x 100            Sales = Rs. 25,00,000</p> <p><b>b. Sundry Debtors</b>            Debtors turnover ratio = [(Debtors +B/R)/Sales] x12            3 months = [(Debtors +60000)/2500000] x12            Debtors =Rs.5,65,000</p> <p><b>c. Closing Stock</b>            Stock velocity 6 months therefore the stock is Rs.12,50,000(2500000 x6/12)</p> <p><b>d. Sundry Creditors</b>            Creditors Turnover ratio = [(Creditors + B/P)/Purchases] x12            2months =[( Creditors + 36667) /2020000] x12            Creditors=Rs.3,00,000</p>	10	20mins									
6	<p>Comparison Chart</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">BASIS FOR COMPARISON</th> <th style="text-align: center;">MARGINAL COSTING</th> <th style="text-align: center;">ABSORPTION COSTING</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Meaning</td> <td>A decision making technique for ascertaining the total cost of production is known as Marginal Costing.</td> <td>Apportionment of total costs to the cost center in order to determine the total cost of production is known as Absorption Costing.</td> </tr> <tr> <td style="text-align: center;">Cost Recognition</td> <td>The variable cost is considered as product cost while fixed cost is considered as period costs.</td> <td>Both fixed and variable cost is considered as product cost.</td> </tr> </tbody> </table>	BASIS FOR COMPARISON	MARGINAL COSTING	ABSORPTION COSTING	Meaning	A decision making technique for ascertaining the total cost of production is known as Marginal Costing.	Apportionment of total costs to the cost center in order to determine the total cost of production is known as Absorption Costing.	Cost Recognition	The variable cost is considered as product cost while fixed cost is considered as period costs.	Both fixed and variable cost is considered as product cost.	10	20mins
BASIS FOR COMPARISON	MARGINAL COSTING	ABSORPTION COSTING										
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Cost Recognition	The variable cost is considered as product cost while fixed cost is considered as period costs.	Both fixed and variable cost is considered as product cost.										





Classification of Overheads	Fixed and Variable	Production, Administration and Selling & Distribution		
Profitability	Profitability is measured by Profit Volume Ratio.	Due to the inclusion of fixed cost, profitability gets affected.		
Cost per unit	Variances in the opening and closing stock does not influence the cost per unit of output.	Variances in the opening and closing stock affects the cost per unit.		
Highlights	Contribution per unit	Net Profit per unit		
Cost data	Presented to outline total contribution of each product.	Presented in conventional way.		

**Part C**

(1Q x12 M = 12Marks)

Q No	Solution	Scheme of Marking	Max. Time required for each Question
7	Increases in Working Capital =Rs.51000 Funds From Operation = Rs.2,18,000 Fund Flow Statement = Rs.3,28,000	4 4 4	30 mins





Roll No

**PRESIDENCY UNIVERSITY  
BENGALURU**

**SCHOOL OF LAW**

**END TERM FINAL EXAMINATION**

**Semester:** Odd Semester: 2019 - 20

**Course Code:** BBL102

**Course Name:** MANAGERIAL ACCOUNTING

**Program & Sem:** BBA.L.L.B (Hons.) & III

**Date:** 24 December 2019

**Time:** 9.30 AM to 12.30 PM

**Max Marks:** 80

**Weightage:** 40%

**Instructions:**

(i) Read the all questions carefully and answer accordingly.

**Part A [Memory Recall Questions]**

**Answer all the Questions. Each Question carries 4 marks.**

**(5Qx4M=20M)**

1. Outline the scope of Management Accounting. (C.O.No.1) [Knowledge]
2. Why is statement of cash flow preferred over the Funds flow statement?  
(C.O.No.2) [Knowledge]
3. What do you mean by Margin of Safety? (C.O.No.3) [Knowledge]
4. What is the significance of the term 'variance' in standard costing? (C.O.No.4) [Knowledge]
5. What do you mean by Functional Budget? (C.O.No.5) [Knowledge]

**Part B [Thought Provoking Questions]**

**Answer all the Questions. Each Question carries 10 marks.**

**(3Qx10M=30M)**

6. Explain the tools used in Management Accounting? (C.O.No.1) [Comprehension]
7. From the following information prepare a summarized Balance sheet as on 31<sup>st</sup> March 2017 : Stock velocity 6; Fixed Asset turnover ratio 4; Capital turnover Ratio 2; Gross Profit 20%; Debtors' collection period 2 months; Creditors' payment period 73 days; Gross profit was Rs.60000; Closing stock was Rs.5000 in excess of opening stock.

All workings should form part of your answer.

(C.O.No.2) [Comprehension]

8. A company making and selling toys has made the following estimates:

Selling Price Rs.20 per unit

Variable cost Rs.16 per unit

Fixed cost Rs.15,00,000

Sales 5,00,000 units

Suppose selling price decrease of 10% results in 15% increase in sales volume, what will be the profit?  
(C.O.No.3) [Comprehension]

**Part C [Problem Solving Questions]**

**Answer both the Questions. Each Question carries 15 marks.**

**(2Qx15M=30M)**

9. From the data given below calculate all material variances.

(C.O.No.4) [Application]

Consumption for 100 units of product

Raw 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

10. For production of 10000 Electrical Automatic Irons, the following are budgeted Expenses:

	Per Unit (Rs)
Direct Material	60
Direct Labour	30
Variable Overheads	25
Fixed Overheads (Rs.150000)	15
Variable Expenses (Direct)	5
Selling Expenses (10% fixed)	15
Administrative Expenses (Rs.50000 fixed for all level of Production)	5
Distribution Expenses (20% fixed)	5
Total cost of sales per unit	160

Prepare a budget for production of 6000, 7000 and 8000 irons, showing distinctly marginal cost and total cost

(C.O.No.5) [Application]



## SCHOOL OF LAW

### END TERM FINAL EXAMINATION

#### Extract of question distribution [outcome wise & level wise]

Q.NO	C.O.NO (% age of CO)	Unit/Module Number/Unit /Module Title	Memory recall type	Thought provoking type	Problem Solving type [Marks allotted]	Total Marks
			[Marks allotted]	[Marks allotted]		
			Bloom's Levels	Bloom's Levels		
			K	C	A	
1	1	1	4			4
2	1	2	4			4
3	1	3	4			4
4	1	4	4			4
5	1	5	4			4
6	1	1		10		10
7	2	2		10		10
8	3	3		10		10
9	4	4			15	15
10	5	5			15	15
Total Marks			20	30	30	80

K = Knowledge Level C = Comprehension Level, A = Application Level

Note: While setting all types of questions the general guideline is that about 60%

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I hereby certify that all the questions are set as per the above guidelines.

Faculty Signature: *Dr. V. K. Sankhale*

*V. K. Sankhale*

Reviewer Comment:



## SCHOOL OF LAW

### SOLUTION

Semester: Odd Sem. 2019-20

Course Code: BBL102

Course Name: Managerial Accounting

Program & Sem: BBA.,LLB (Hons.) & III

Date: 24.12.2019

Time: 9:30 AM to 12:30 PM

Max Marks: 80

Weightage: 40%

#### Part A

(5Q x 4M = 20Marks)

Q No	Solution	Scheme of Marking	Max. Time required for each Question															
1	Scope of Management Accounting: <ul style="list-style-type: none"> <li>• Useful for future planning and financial forecasting</li> <li>• Useful role in the operation and control of the business undertaking</li> <li>• Budgeting and forecasting</li> <li>• Cost control Procedures</li> <li>• Reporting</li> <li>• Tax Accounting</li> <li>• Internal Financial control</li> </ul>	4	12 Mins															
2	Reason for statement of cash flow preferred over the Funds flow statement <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 15%;">Basis of Difference</th> <th style="width: 35%;">Funds Flow Statement</th> <th style="width: 50%;">Cash Flow Statement</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1. Basis of Analysis</td> <td>Funds flow statement is based on broader concept i.e. working capital.</td> <td>Cash flow statement is based on narrow concept i.e. cash, which is only one of the elements of working capital.</td> </tr> <tr> <td style="text-align: center;">2. Source</td> <td>Funds flow statement tells about the various sources from where the funds generated with various uses to which they are put.</td> <td>Cash flow statement starts with the opening balance of cash and reaches to the closing balance of cash by proceeding through sources and uses.</td> </tr> <tr> <td style="text-align: center;">3. Usage</td> <td>Funds flow statement is more useful in assessing the long-range financial strategy.</td> <td>Cash flow statement is useful in understanding the short-term phenomena affecting the liquidity of the business.</td> </tr> <tr> <td style="text-align: center;">4. Schedule of Changes</td> <td>In funds flow statement changes in</td> <td>In cash flow statement changes in current assets</td> </tr> </tbody> </table>	Basis of Difference	Funds Flow Statement	Cash Flow Statement	1. Basis of Analysis	Funds flow statement is based on broader concept i.e. working capital.	Cash flow statement is based on narrow concept i.e. cash, which is only one of the elements of working capital.	2. Source	Funds flow statement tells about the various sources from where the funds generated with various uses to which they are put.	Cash flow statement starts with the opening balance of cash and reaches to the closing balance of cash by proceeding through sources and uses.	3. Usage	Funds flow statement is more useful in assessing the long-range financial strategy.	Cash flow statement is useful in understanding the short-term phenomena affecting the liquidity of the business.	4. Schedule of Changes	In funds flow statement changes in	In cash flow statement changes in current assets	4	12 Mins
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	<b>in Working Capital</b>	current assets and current liabilities are shown through the schedule of changes in working capital.	and current liabilities are shown in the cash flow statement itself.		
	<b>5. End Result</b>	Funds flow statement shows the causes of changes in net working capital.	Cash flow statement shows the causes the changes in cash.		
	<b>6. Principal of Accounting</b>	Funds flow statement is in alignment with the accrual basis of accounting.	In cash flow statement data obtained on accrual basis are converted into cash basis.		
3	<b>Margin of safety:</b> In break-even analysis, the term <i>margin of safety</i> indicates the amount of sales that are above the break-even point. In other words, the margin of safety indicates the amount by which a company's sales could decrease before the company will have no profit.			4	12 Mins
4	<b>'Variance' in standard costing:</b> A standard cost variance is the difference between a standard cost and an actual cost. This variance is used to monitor the costs incurred by a business, with management taking action when a material negative variance is incurred.			4	12Mins
5	<b>Functional Budget:</b> The cost and income plan created for a particular process or department operating within a business. For example, a <b>functional budget</b> for the manufacture of a product line might include estimated costs of production, marketing, sales, labor, equipment and materials, as well as projected sales income			4	12Mins

**Part B**

(3Q x10M = 30 Marks)

Q No	Solution	Scheme of Marking	Max. Time required for each Question
6	<b>Management Accounting:</b> <ul style="list-style-type: none"> <li>• Financial Planning</li> <li>• Financial Statement Analysis</li> <li>• Cost Accounting</li> <li>• Fund Flow Analysis</li> <li>• Cash Flow Analysis</li> <li>• Standard Costing</li> <li>• Marginal Costing</li> <li>• Budgetary Control</li> </ul>	10	20 Mins

7	<p>Sales= 60000x 100/20 =Rs.300000          Cost of goods sold = 300000-60000=Rs.240000          Avg. Stock = 240000/6=40000          Op.stock &amp; Cl.Stock= 80000          (-) excess cl.stock = 5000</p> <p style="text-align: center;">-----</p> <p>Cl.Stock = 75000/2 =Rs.42500          Capital= sales/Capital=300000/2=Rs.150000          Fixed Assets =300000/4=Rs.75000          Debtors= 300000x2/12=Rs.50000          Creditors = Rs.49000 (Purchases=CGS+Cl.stock-          Op.Stock=245000)(245000x73/365)          Cash (B/F)= Rs.31500          Balance sheet total=Rs.199000</p>	10	20 Mins
8	<p>Sales=500000 units increases 15%= 575000</p> <p>Selling price=Rs.20 decrease 10%=Rs.18          Sales (575000x18) 1,03,50,000          (-)Variable Cost (575000x16) 92,00,000</p> <p style="text-align: right;">-----</p> <p style="text-align: right;">11,00,000</p> <p>(-) Fixed cost 15,00,000</p> <p style="text-align: right;">-----</p> <p>Profit / Loss (4,00,000)</p>	10	20 Mins

**Part C**

(2Q x15M = 30Marks)

Q No	Solution	Scheme of Marking	Max. Time required for each Question																																																	
9	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3">Standard.cost</th> <th colspan="3">Actual cost</th> <th colspan="3">Rev.std.cost</th> <th rowspan="2">Std. cost of act.mi x</th> </tr> <tr> <th>units</th> <th>Rate</th> <th>Tot</th> <th>units</th> <th>Rate</th> <th>Tot</th> <th>units</th> <th>Rate</th> <th>Tot</th> </tr> </thead> <tbody> <tr> <td>40</td> <td>50</td> <td>2000</td> <td>50</td> <td>50</td> <td>2500</td> <td>44</td> <td>50</td> <td>2200</td> <td>2500</td> </tr> <tr> <td>60</td> <td>40</td> <td>2400</td> <td>60</td> <td>45</td> <td>2700</td> <td>66</td> <td>40</td> <td>2640</td> <td>2400</td> </tr> <tr> <td>100</td> <td></td> <td>4400</td> <td>110</td> <td></td> <td>5200</td> <td>110</td> <td></td> <td>4840</td> <td>4500</td> </tr> </tbody> </table> <p>MCV=4400-5200= Rs.800(UF)            MPV= Rs.300(UF)            MUV= Rs.500(UF)            MMV= 4840-4900= Rs.60(UF)            MYV= 44(110-100)=Rs.440 (A)</p>	Standard.cost			Actual cost			Rev.std.cost			Std. cost of act.mi x	units	Rate	Tot	units	Rate	Tot	units	Rate	Tot	40	50	2000	50	50	2500	44	50	2200	2500	60	40	2400	60	45	2700	66	40	2640	2400	100		4400	110		5200	110		4840	4500	5	30 Mins
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