



**PRESIDENCY UNIVERSITY  
BENGALURU**

**SCHOOL OF LAW**

**TEST 1**

**Winter Semester:** 2021 - 22

**Date:** 27-04-2022

**Course Code:** BB L102

**Time:** 10:00 AM – 11:00 AM

**Course Name:** Management Accounting

**Max Marks:** 30

**Program & Sem:** BBA LLB & IV Sem

**Weightage:** 15 %

**Instructions:**

- (i) Read the all questions carefully and answer accordingly.  
(ii) Normal calculators are allowed

**Part A [Memory Recall Questions]**

**Answer all the Questions. Each question carries ONE mark. (10Qx 1M= 10M)**

1. Purpose of management accounting is to (C.O.No.1 [Knowledge]
  - A. Past Orientation C. Help managers make decisions
  - B. Help investors make decision D. Help banks make decisions
  
2. The basic financial statements include (C.O.No.1 [Knowledge]
  - A. Statement of Cash Flows C. Statement of Retained Earnings
  - B. Balance Sheet and Income Statement D. None of the Above
  
3. The use of management accounting is (C.O.No.1 [Knowledge]
  - A. Optional C. Compulsory
  - B. Legally obligatory D. All the above
  
4. The following are techniques, tools or methods of analysis and interpretation of financial statements (C.O.No.1 [Knowledge]
  - A. Ratio Analysis B. Process costing
  - C. Both A & B D. None of the above
  
5. Management accounting is a structure for (C.O.No.1 [Knowledge]
  - A. Cost Accounting B. Decision Making
  - C. Financial Accounting D. Income Statement

6. The following is not an objective of managerial accounting (C.O.No.1 [Knowledge])  
 A. To help in planning and decision making  
 B. To provide data about latest position of the firm  
 C. To help in policy formulation  
 D. To find profit and loss of the firm
7. Management accounting analyses accounting data with the help of (C.O.No.1 [Knowledge])  
 A. Tax authorities  
 B. Statutory forms  
 C. Tools & Techniques  
 D. All the above
8. Comparative statement shows (C.O.No.1 [Knowledge])  
 A. One year's performance  
 B. Financial performance  
 C. Comparative performance  
 D. Profitability performance
9. State true or false (C.O.No.1 [Knowledge])  
 a. Auditing of management accounting is compulsory  
 b. Management accounting information is used by management only.  
 c. In Common size balance sheet sales are considered as 100%  
 d. The statement that shows the financial position of the business is Balance sheet.
10. The term fixed asset does not include (C.O.No.1 [Knowledge])  
 A. Plant  
 B. Building  
 C. Stock  
 D. Machinery

### Part B [Thought Provoking Questions]

**Answer both the Questions. Each question carries FIVE marks. (2Qx5M=10M)**

11. Explain how can a Management accounting be useful to the management? What are its limitations? (C.O.No.1 [Knowledge])

12. Prepare a Common size statement of P&L account from the following statement. (C.O.No.1 [Knowledge])

Particulars	2019- 2020	2018-19
Revenue from operations	14,00,000	10,00,000
Cost of materials consumed	8,40,000	6,50,000
Financial cost	1,40,000	80,000
Other expenses	70,000	60,000

### Part C [Problem Solving Questions]

Answer the following Question. It carries 10 marks.

(1Qx10M=10M)

13. Following is the Balance Sheet of Radha Ltd. as at 31st March, 2019:

Particulars	31st March, 2019, (₹)	31st March, 2018, (₹)
<b>I. EQUITY AND LIABILITIES</b>		
1. Shareholders' Funds		
(a) Share Capital	15,00,000	10,00,000
(b) Reserves and Surplus	10,00,000	10,00,000
2. Non-Current Liabilities		
Long-term Borrowings	8,00,000	2,00,000
3. Current Liabilities		
(a) Trade Payables	5,00,000	3,00,000
Total	38,00,000	25,00,000
<b>II. ASSETS</b>		
1.Fixed Assets:		
(i) Tangible Assets	25,00,000	15,00,000
(ii) Intangible Assets	5,00,000	5,00,000
2. Current Assets		
(a) Trade Receivables	6,00,000	3,50,000
(b) Cash and Cash Equivalent	2,00,000	1,50,000
Total	38,00,000	25,00,000

You are required to prepare Comparative Balance Sheet on the basis of the information given in the above Balance Sheet. (C.O.No.1 [Knowledge])



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**TEST 2**

**Winter Semester:** 2021 - 22

**Date:** 2<sup>nd</sup> June 2022

**Course Code:** BBL102

**Time:** 10.00 AM to 11.00 AM

**Course Name:** Management Accounting

**Max Marks:** 30 M

**Program & Sem:** BBA LLB IV Sem

**Weightage:** 15%

**Instructions:**

(iii) Read the questions carefully and answer accordingly.

(iv) Normal calculators are allowed

**Part A [Memory Recall Questions]**

**I. Answer all the Questions. Each question carries ONE mark. (10Qx1M=10M)**

1. If the cost of goods sold is Rs 1 Lakh and the opening stock and closing stock are Rs 20,000 and Rs 30,000 respectively, the stock turnover ratio will be

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

- a. 3.33 times
- b. 4 times
- c. 5 times
- d. 4.5 times

2. **Liquid Ratio** is equal to liquid assets divided by \_\_\_\_\_. (C.O.No.2 [Knowledge])

- a. Current Liabilities+Bank overdraft
- b. Total Liabilities – Current liabilities
- c. Contingent Liabilities – Bank overdraft
- d. Non-Current Liabilities.

3. **Two basic measures of liquidity** are \_\_\_\_\_. (C.O.No.2 [Knowledge])

- a. Current ratio and Quick ratio.
- b. Current ratio and Debt ratio
- c. Gross Profit ratio and Operating ratio.
- d. Inventory turnover and Current ratio

4. Liquid assets are determined by (C.O.No.2 [Knowledge])

- a. Current assets – stock - Prepaid expenses
- b. Current assets + stock + prepaid expenses
- c. Current assets + Prepaid expenses
- d. None of the above

5. The ideal level of quick ratio is (C.O.No.2 [Knowledge])

- a. 2:1
- b. 1:1
- c. 1:2
- d. None of the above

6. The following is not included in quick assets (C.O.No.2 [Knowledge])

- a. Debtors
- b. Inventory
- c. Cash at bank
- c. Receivables

7. The ideal level of current ratio is (C.O.No.2 [Knowledge])

- a. 1:2  
c. Both A and B
- b. 2:1  
d. None of the above
8. Net Profit ratio is calculated by (C.O.No.2 [Knowledge])  
a.  $(\text{Gross Profit} / \text{Gross sales}) * 100$   
b.  $(\text{Gross Profit} / \text{Net sales}) * 100$   
c.  $(\text{Net Profit} / \text{Net sales}) * 100$   
c. None of the above
9. Given Sales is 1,20,000 and Gross Profit is 30,000, the gross profit ratio is (C.O.No.2 [Knowledge])  
a. 24%  
b. 25%  
c. 40%  
d. 44%
10. When a transaction involves only current account then there will be \_\_\_\_\_ in working capital (C.O.No.2 [Knowledge])  
a. No Change  
b. Increase  
c. Decrease  
d. Either of the above

### Part B [Thought Provoking Questions]

**Answer both the Questions. Each question carries FIVE marks. (2Qx5M=10M)**

11. Explain the impact and its reason for the following transaction on the working capital.  
a. Short term investment were sold for 60,000  
c. Cash paid to creditors Rs 30,000  
d. Cash collected from debtors Rs 20,000  
e. Debenture for Rs 2,00,000 are converted to equity shares (C.O.No.3 [Comprehension])

12. The following is the balance sheet of Bharat Manufacturing Co. Ltd. (C.O.No.2 [Comprehension])

Liabilities	Rs	Assets	Rs
Equity capital	48,000	Plant & Machinery	90,000
P&L a/c	12,000	Debtors	18,000
Debentures	30,000	Stock	24,000
Bank Overdraft	1,200	Cash at bank	4560
Trade Payables	46,800	Prepaid Insurance	1,440

- Calculate and interpret the position of the company based on these ratios  
a. Current ratio  
b. Quick ratio.

### Part C [Problem Solving Questions]

**Answer the following Question. It carries TEN marks. (1Qx10M=10M)**

13. From the following information, calculate trend percentages and give your interpretation: (C.O.No.2 [Comprehension])

Particulars(rs)	2015	2016	2017	2018	2019
Sales	1,20,000	1,50,000	1,52,000	1,88,000	2,00,000
Cost of goods sold	70,000	75,000	80,000	1,00,000	1,10,000

Operating expense	24,000	30,000	32,000	40,000	50,000
Profit	26,000	45,000	40,000	48,000	40,000



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**END-TERM EXAMINATION**

**Winter Semester:** 2021 - 22

**Course Code:** BBL 102

**Course Name:** Management Accounting

**Program & Sem:** BBA LLB & IV Sem

**Date:** 1<sup>st</sup> July 2022

**Time:** 01.00 PM to 04.00 PM

**Max Marks:** 100

**Weightage:** 50%

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**Instructions:**

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

(vi) Normal calculators are allowed

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**Part A [Memory Recall Questions]**

**Answer all the Questions. Each question carries THREE mark. (10Qx 3M= 30M)**

1. Which is the sub-field of accounting? C.O.No.1 [Knowledge]  
A. Management accounting B. Cost accounting  
C. Financial accounting D. All of the above
  
2. Cash balance Rs 15000, Trade Receivables Rs 35000, Inventory Rs 40,000. Trade payables Rs 24,000 and Bank Overdraft is Rs 6000. Current ratio will be [C.O.No.2 [Knowledge]  
A. 3.5:1 B. 1:3  
C. 3:1 D.1:3.5
  
3. In debt equity ratio, debt refers to C.O.No.2 [Knowledge]  
A. Short Term Debts B. Debentures only.  
C. Long Term Loans & Debentures D. Debentures and Current Liabilities
  
4. Which is not an advantage of Management accounting? C.O.No.1 [Knowledge]  
A. Economic appraisal B. Helps in decision making  
C. Influenced by personal bias D. Facilitates communication
  
5. The study of trends and directions of movements in the financial position and operating results of a concerns are C.O.No.2 [Knowledge]  
A. Trend ratios B. Cash flow statement  
C. Common size statement D. Comparative statement

6. Interest coverage ratio is obtained by dividing EBIT by \_\_\_\_\_ C.O.No.2 [Knowledge]  
 A. Interest B. Tax  
 C. Income D. Sales
7. Cash flow example from a financing activity is \_\_\_\_\_ C.O.No.4 [Comprehension]  
 A. Payment of Dividends B. Receipt of Dividend on  
 Investment  
 C. Cash Received from Customers D Purchase of Fixed Asset
8. The technique of converting figures into percentage in some common base is called \_\_\_\_\_ C.O.No.2 [Knowledge]  
 E. Ratio analysis B. Common size statement analysis  
 C. Trend percentages D. None
9. Management accounting is the branch of accounting concerned with reporting to \_\_\_\_\_ C.O.No.1 [Knowledge]  
 A. Internal manager B. Creditors  
 C. Government D. Bankers
10. Net profit ratio shows the relation between net profits and \_\_\_\_\_ C.O.No.2 [Knowledge]  
 A. Gross sales B. Net sales  
 C. Sales return D. Cost of sales

**Part B [Thought Provoking Questions]**

**Answer all the Questions. Each question carries 8 marks. (5Qx8M=40M)**

11. Briefly discuss the difference between financial and management accounting. C.O.No.1 [Knowledge]

12. Following information is extracted from the Statement of Profit and Loss of Gold Coin Ltd. for the year ended 31st March, 2015:

Particulars	31st March, 2015	31st March, 2014
Revenue from Operations	₹ 60,00,000	₹ 45,00,000
Employee Benefit Expenses	₹ 30,00,000	₹ 22,50,000
Depreciation	₹ 7,50,000	₹ 6,00,000
Other Expenses	₹ 15,50,000	₹ 10,00,000
Tax Rate	30%	30%

Prepare Comparative Income statement C.O.No.2 [Comprehension]



13. Management reporting is a key term for a type of business intelligence that involves reports meant to help managers to oversee operations and performance. These types of reports are core pieces of many new enterprise technologies that aim to automate or enhance the process of management reporting. Identify the different types of reporting.  
C.O.No.5 [Comprehension]

14. Prepare a statement of change in working capital from the following statement.  
C.O.No.3 [Comprehension]

<b>Liabilities</b>	<b>2004</b>	<b>2005</b>	<b>Assets</b>	<b>2004</b>	<b>2005</b>
Share capital	150000	180000	Land and building	85000	85000
Profit and loss a/c	35000	42000	Plant and machinery	54000	70000
Loans	2000	15000	Stock	30500	50000
Creditors	17000	23000	Debtors	25500	45000
Bills payable	3000	1000	Bills receivable	5000	2000
			Cash	7000	9000
	<b>207000</b>	<b>261000</b>		<b>207000</b>	<b>261000</b>

15. Calculate 'Liquidity Ratio' from the following information:

- Current liabilities = Rs. 50,000
- Current assets = Rs. 80,000
- Inventories = Rs. 20,000
- Advance tax = Rs. 5,000
- Prepaid expenses = Rs. 5,000

### Part C [Problem Solving Questions]

**Answer the following Questions. It carries TWENTY marks. (2Qx15M=30M)**

16. From the information given below, Calculate the following ratios

- a. Quick ratio
- b. Stock Turnover ratio
- c. Debt equity ratio
- d. Current ratio
- e. Gross profit ratio

[C.O.No.2 [Knowledge]

**Information:**

- Current Assets- Rs 5,00,000
- Closing Stock – Rs 1,50,000
- Gross profit – Rs 1,80,000
- 10% Preference share – Rs 3,00,000

- Opening stock – Rs 50,000;
- Cost of goods sold – Rs 12,00,000;
- Equity share capital – Rs 7,00,000;
- 12% Debenture – Rs 2,00,000;

Current liabilities- Rs 2,00,000  
Net Sales = Rs 15,00,000

General Reserve –Rs 1,00,000

17. From the following information, prepare a common size Balance sheet.

C.O.No.1 [Knowledge]

<b>Particulars</b>	<b>2021</b>	<b>2022</b>
Share capital	6,60,000	7,20,000
Reserves and Surplus	7,92,000	17,28,000
Non-Current Liabilities	6,65,000	4,00,000
Trade payables	9,90,000	16,52,000
Short term borrowings	1,93,000	3,00,000
Fixed Assets	10,00,000	20,00,000
Inventories	8,20,000	12,60,000
Trade Receivables	14,15,000	14,00,000
Cash in hand	65,000	1,40,000