

**CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME**  
**BBA FOURTH SEMESTER DEGREE EXAMINATION MAY 2024**  
**BUSINESS ADMINISTRATION**  
**Management Accounting**

Duration: 2 Hours

Max Marks: 60

**SECTION A**

Answer any TWO of the following:

(2×15= 30)

- 1) What is Management Accounting? Explain the objectives of Management Accounting.
- 2) From the following particulars calculate the following:
  - a) Stock turnover ratio      b) Fixed asset turnover ratio      c) Debtors turnover ratio
  - d) Creditors turnover ratio      e) Debt collection period      f) Debt payment period

Particulars	Rs. (figure in 000)
Sales	17874
Sales return	4
Other income	53
Cost of sales	15440
Administration expenses	1843
Depreciation	63
Interest expenses	456
Purchases	15000
Purchase returns	5
Debtors	10000
Bills receivable	2000
Creditors	5000
Bills payable	3000
Opening stock	4000
Closing stock	5000
Fixed assets	5000

- 3) From the following Balance Sheet and additional information of X Company Ltd. as at 31 March, 2021, prepare a Cash Flow Statement for the year ended 31-3-2021

Particulars	31-3-2021	31-3-2020
Share Capital	2,90,000	2,90,000
Capital Reserve	10,000	-
General Reserve	20,000	15,000
Surplus, i.e. Balance of Profit and Loss Current	65,000	43,000
Sundry Creditors	52,000	28,000
Bills Payable	10,000	8,000
Outstanding Expenses	3,000	4,000
Provision for Taxation	24,000	20,000
	4,74,000	3,78,000

Note:

Contingent liabilities	31-3-2021	31-3-2020
Proposed Dividend	25000	18000

- a) An interim dividend of Rs.10,000 has been paid in 2021.
- b) Rs.2,000 has been received as dividends on trade investments.
- c) A piece of land has been sold out in 2020-21 and the remaining has been revalued, profit on sale and revaluation has been transferred to capital reserve.
- d) Depreciation on plant and machinery has been written off Rs.15,000 in 2021, and no depreciation has been charged on land and building.
- e) A machinery was sold for Rs. 18,000. (w.d.v being Rs.20,000) and no furniture has been sold during the year 2021.
- f) Proposed dividend and provision for tax for the year 2020 were paid during the year 2021.

### SECTION B

Answer any THREE of the following :

(3×7= 21)

- 4) Company A and Company B both under the same management make and sell the same type of product. Their budgeted profit and loss accounts for the year ending 2020 are as follows:

		Company A	Company B
Sales		300000	300000
Less: Variable cost	240000		200000

Fixed cost	30000	270000	70000	270000
Profit		30000		30000

You are required to:

Calculate the break-even points for each company.

Calculate the sales volume at which each of the two companies will make a profit of Rs.10,000.

- 5) Explain the limitations of Budgetary control.
- 6) Describe any three accounting ratios and briefly explain their significance.
- 7) The expenses for the production of 5,000 units in a factory are given as follows:

	Per unit Rs.
Materials	50
Labour	20
Variable overheads	15
Fixed overheads ( 50,000)	10
Administrative expenses (5% variable)	10
Selling expenses (20% Fixed)	06
Distribution expenses (10% Fixed)	05
Total cost of sales per unit	116

You are required to prepare a budget for the production of 7,000 units.

**SECTION C**

Answer any THREE of the following :

(3×3= 9)

- 8) What are the uses of preparing cash flow statement?
- 9) What is P/V ratio?
- 10) What is the need for management accounting?
- 11) What is meant by ratio and ratio analysis?

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**BUSINESS ADMINISTRATION**

**Financial Management**

**Duration: 2 Hours**

**Max Marks: 60**

**SECTION A**

**Answer any TWO of the following:**

**(2×15= 30)**

- 1) What factors needs to be taken into consideration in estimating the working capital needs of a concern? Elucidate.
- 2) A company is considering an investment proposal to install a new machinery. The project will cost Rs 50,000 and will have a life of 5 years and no salvage value. The Company's tax rate is 50% and no investment allowance is allowed. This firm uses straight line method of depreciation. The estimated net income before depreciation and tax from the proposed investment proposal are as follows:

Year	1	2	3	4	5
Cash flows	10000	11000	14000	15000	25000

Compute the following:

- a. Payback period
- b. ARR
- c. NPV at 10% discount rate
- d. PI at 10% discount rate.

You are also given the following data.

Year	1	2	3	4	5
Discount Factor at 10%	0.909	0.826	0.751	0.683	0.621

- 3) Estimated sales for the year is 12,000 units

Particulars	Per unit
Raw materials	16
Labour	04
Overheads	12
Total cost	32

Add: Profit	08
Selling price	40

- Raw materials in stock on average for one month
  - Work in progress  $\frac{1}{2}$  a month
  - Finished goods in stock 6 weeks.
  - Credit allowed by supplier is one month
  - Credit allowed to customers 2 months
  - Lag on payment of wages 2 weeks
  - Cash in hand Rs 15,000.
- Prepare an estimate of working capital requirement.

### SECTION B

Answer any **THREE** of the following :

(3×7= 21)

- Explain the significance of adequate working capital management.
- An investment project of a company costing Rs 50,000 is expected to generate the following cash inflows in its full life of 5 years.

Years	1	2	3	4	5
Cash Inflows	20,000	15,000	10,000	15,000	8,000
Discount factor at 10%	0.9091	0.8264	0.7513	0.683	0.6209

- From the following details pertaining to Company A and Company B. Calculate their Operating Leverage. Identify (i) the Company that enjoys a higher leverage and (ii) the Company that has a lower risk profile.

	Company A	Company B
Sales	Rs 18,00,000	Rs 18,00,000
Variable Cost	50% of sales	40% of sales
Fixed Cost	Rs 2,00,000	Rs 3,00,000

- A company has EBIT of Rs.4,80,000 and its capital structure consists of the following securities:

Equity share capital of Rs 10 each	Rs 4,00,000
12% Preference shares	Rs 6,00,000
14.5% debentures	Rs 10,00,000

The company is facing fluctuations in its sales. What would be the change in EPS if EBIT of the company decreased by 25%.

The corporate tax is 35%.

### SECTION C

Answer any **THREE** of the following :

(3×3= 9)

- 8) A Company sets aside Rs.10,000 for the redemption of debentures for 5 years. The amount invested fetches 12% compound interest. Calculate the future value of the debentures issued by the company required to be redeemed.
- 9) State any three significance of time value of money.
- 10) Give the meaning of bonus shares.
- 11) State the meaning of variable working capital.

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- g. Cash in hand Rs 15,000.

Prepare an estimate of working capital requirement.

### SECTION B

Answer any THREE of the following :

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**CHOICE BASED CREDIT SYSTEM SEMESTER SCHEME**  
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**BUSINESS ADMINISTRATION**  
**Financial Markets & Services**

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**SECTION A**

Answer any TWO of the following:

(2×15= 30)

- 1) Define NBFC by RBI. Explain the RBI measures for NBFCs.
- 2) Define a Mutual Fund. What are the benefits of Mutual funds to the investors?
- 3) What are the SEBI guidelines relating to the issue of commercial papers?

**SECTION B**

Answer any THREE of the following :

(3×7= 21)

- 4) Write a note on financial system of India.
- 5) Write a brief note on EXIM Bank.
- 6) Who are the various participants in capital market?
- 7) Which are the entities involved in the clearing and settlement process?

**SECTION C**

Answer any THREE of the following :

(3×3= 9)

- 8) State any three objectives of EXIM Bank.
- 9) What is operating lease?
- 10) Mention any three characteristics of capital market.
- 11) Define a stock exchange.

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