



‘समानो मन्त्रः समितिः समानी’

**UNIVERSITY OF NORTH BENGAL**

BBA/B.Com. LL.B. Honours 3rd Semester Examination, 2021

**MANAGEMENT ACCOUNTING**

**PAPER CODE: FC08**

Time Allotted: 3 Hours

Full Marks: 100

*The figures in the margin indicate full marks.*

*The students are advised to follow the word limit mentioned below strictly while answering questions.*

*The marks will be deducted if answers exceed word limit.*

*16-20 marks- 400 words / 10-15 marks- 300 words / 6-9 marks- 200 words / 2-5 marks- 100 words*

**Answer Question No.7 compulsorily and any four questions from rest**

1. (a) Explain the concept of Capital Budgeting. Why Capital Budgeting is such an important Technique in Investment decision? 5+5+10
- (b) State and explain the relationship between Risk and Return on Investment.
  
2. (a) Calculate Gross Profit Ratio from the following information: 10+10
  - (i) Opening Inventories : Rs. 50,000
  - (ii) Purchases : Rs. 1,50,000
  - (iii) Returns Outwards : Rs. 20,000
  - (iv) Wages : Rs. 10,000
  - (v) Revenue from Operations : 2,50,000
  - (vi) Closing Inventories : Rs. 40,000
- (b) Calculate Inventory Turnover Ratio from the following information:  
Revenue from Operations : Rs. 10,00,000  
Gross Profit : 20% of Revenue from Operations  
Purchases : Rs. 8,40,000  
Closing Inventory : Rs. 1,80,000
  
3. (a) Calculate Working Capital Turnover Ratio from the following: 10+10
  - (i) Cost of Revenue from Operations : Rs. 18,00,000
  - (ii) Inventory : Rs. 3,60,000
  - (iii) Trade Receivables : Rs. 1,70,000
  - (iv) Marketable Securities : Rs. 50,000

- (v) Cash and Bank : Rs. 20,000
- (vi) Trade Payables : Rs. 1,40,000
- (vii) Provision for Tax : Rs. 10,000

(b) Calculate Total Assets to Debt Ratio from the following information:

- Shareholder's Funds : Rs. 14,00,000
- Total Debts : Rs. 16,00,000
- Current Liabilities : Rs. 4,00,000

4. (a) State and explain the difference between Cash flow and Fund flow. 10+10
- (b) Explain in detail the advantages and limitations of Management Accounting.
5. Explain the concept of Marginal Costing. Why Marginal Costing is such an important field of Management Accounting? 8+12
6. The sales turnover and profit during two years were as follows: 20

| Year | Sales<br>₹ | Profit<br>₹ |
|------|------------|-------------|
| 2010 | 1,40,000   | 15,000      |
| 2011 | 1,60,000   | 20,000      |

You are required to calculate:

- (i) P/V ratio.
- (ii) Sales required to earn a profit of Rs. 40,000.
- (iii) Profit when sales are Rs. 1,20,000.

7. Write short notes on: (Attempt any *four* questions) 5×4 = 20
- (a) Limitations of Management Accounting
  - (b) Significance of Working Capital Management
  - (c) Current Liabilities and Current Assets
  - (d) Pay Back Period
  - (e) Importance of Ratio Analysis
  - (f) Write the formula of any five accounting ratios

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