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Reg. No. 115081101069  
Name M. S. D. S.



**B.B.A. DEGREE (C.B.C.S.S.) EXAMINATION, OCTOBER 2018**

**Fifth Semester**

**Core Course—MANAGEMENT ACCOUNTING**

(2013 Admission onwards)

Time : Three Hours

Maximum Marks : 80

**Part A**

*Answer all questions.*

*Each question carries 1 mark.*

1. What is fixed assets ?
2. Mention 4 current assets.
3. Mention 4 current liabilities ?
4. What is the ideal acid test ratio ?
5. What is a fund ?
6. Who are creditors ?
7. What is inventory ?
8. What is fund from operations ?
9. What do you mean by debit collection period ?
10. What is owners equity ?

(10 × 1 = 10)

**Part B**

*Answer any eight questions.*

*Each question carries 2 marks.*

11. What is ratio analysis ?
12. How is common size statements prepared ?
13. How are ratios classified ?
14. Why should prepare solvency ratio ?
15. What is net profit ratio ?

Turn over

16. What is debt equity ratio ?
17. What is acid test ratio ?
18. What is inventory turnover ratio ?
19. What is creditors turnover ratio ?
20. What is capital employed ?
21. What is total assets turnover ratio ?
22. Mention any 3 sources of funds.

(8 × 2 = 16)

**Part C**

*Answer any six questions.  
Each question carries 4 marks.*

23. Discuss the scope of management accounting.
24. What is the significance of finding earnings per share?
25. What is the purpose of preparing financial statements ?
26. Discuss the significance of finding debt-equity ratio.
27. Calculate break-even point (in Rs) :

		Rs.
Sales	:	6,00,000
Fixed expenses	:	1,50,000
<i>Variable Cost :</i>		
Direct material	:	2,00,000
Direct labor	:	1,20,000
Other variable expenses	:	80,000

28. The following data, determine the break-even point :

Fixed overhead	:	Rs. 25,000
Variable cost	:	Rs. 10 per unit
Selling price	:	Rs. 15 per unit.

29. What should be the sales volume to make a profit of Rs. 25,000 ?

From the following details prepare a schedule of changes in working capital :

<i>Particulars</i>	:	31-12-91	31-12-92
		Rs.	Rs.
Bank loan (short period- current liability)	:	70,000	—
Creditors	:	1,50,000	1,35,000
Bank	:	—	8,000
Cash	:	500	600
Debtors	:	80,000	64,200
Stock	:	1,00,000	74,000
Share capital	:	2,00,000	2,50,000
General Reserve	:	50,000	60,000
P and L Account	:	30,500	30,600
Buildings	:	2,00,000	1,90,000

30. Calculate funds from operations from the following :

Profit and Loss account

<i>Particulars</i>	Rs.	<i>Particulars</i>	Rs.
To Rent	10,000	By Gross Profit	9,86,000
To Salary	25,000		
To Depreciation on furniture	300		
To Discount on issue of shares	10,000		
To Goodwill Written off	5,000		
To Preliminary expenses	6,000		
To Net profit	9,27,000		
	<u>9,86,000</u>		<u>9,86,000</u>

Turn over

31. Find out the Debt Equity Ratio for 2007 :

Long term Debt on 31-12-07	:	Rs. 2,50,000
Share capital on 31-12-07	:	Rs. 4,00,000
Retained Earnings on 31-12-07	:	Rs. 1,00,000

(6 × 4 = 24)

#### Part D

*Answer any two questions.*

*Each question carries 15 marks.*

32. Discuss the advantages and limitations of management accounting.

33. Discuss the requirements of a good budgetary control.

34. From the following two balance sheets you are required to prepare a statement of sources and application of funds :

#### Balance Sheet

<i>Liabilities</i>	2004 Rs.	2005 Rs.	<i>Assets</i>	2004 Rs.	2005 Rs.
Share capital	40,000	45,000	Cash	30,000	47,000
Trade creditors	10,000	23,000	Debtors	1,20,000	1,15,000
P and L A/c	2,30,000	2,50,000	Stock in trade	80,000	90,000
			Land	50,000	66,000
	2,80,000	3,18,000		2,80,000	3,18,000

35. Prepare a flexible budget for production at 80% and 100% activity on the basis of the following information :

Production at 50% capacity	–	5,000 units
Raw materials	–	Rs. 80 per unit
Direct labour	–	Rs. 50 per unit
Direct expenses	–	Rs. 15 per unit
Factory expenses	–	Rs. 50,000 (50% fixed)
Administration expenses	–	Rs. 60,000 (60% variable)

(2 × 15 = 30)