

S.No. 1500

08UBA08/08UBX09

(For the candidates admitted from 2008–2009 onwards)

B.B.A/B.B.A. (CA) DEGREE EXAMINATION,  
APRIL/MAY 2018.

Fourth Semester

MANAGEMENT ACCOUNTING

Time : Three hours

Maximum : 75 marks

PART A — (10 × 2 = 20 marks)

Answer ALL questions.

1. Define – 'Management Accounting.
2. What are the characteristics of management accounting?
3. What is fund flow statement?
4. What are non cash items? Give examples.
5. What are the objectives of cash flow statement?
6. How can you calculate cash from operation?
7. What is Quick Ratio?
8. What are the impact of low stock turnover ratio?

9. Define the term – 'budget'.  
 10. Define is budget centres?

PART B — (5 × 5 = 25 marks)

Answer ALL questions.

11. (a) Discuss the major areas of difference between management accounting and financial accounting.

Or

- (b) List out the limitations of management Accounting.

12. (a) From the following P & L a/c calculate funds from operation:

	P & L a/c	
To operation expenses	50,000	By Gross profit 1,00,000
To depreciation	20,000	By gain on sale of plant 10,000
To loss on sale of land	5,000	
To Advertisement suspense A/c)	2,500	
To Discount	250	
To Good will	6,000	
To Net profit	<u>26,250</u>	
	<u>1,10,000</u>	<u>1,10,000</u>

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- (b) From the following balance sheets of a company, prepare a statement showing the changes in working capital.

	Balance Sheets				
	2010	2011	2010	2011	
	₹	₹	₹	₹	
Creditor	7,000	45,00	Cash	3,000	4,700
Capital	20,000	25,000	Debtors	12,000	11,500
P & L a/c	1,000	23,00	Land	5,000	6,600
			Stock	<u>8,000</u>	<u>9,000</u>
	<u>28,000</u>	<u>31,800</u>		<u>28,000</u>	<u>31,800</u>

13. (a) After taking the under Mentioned items, Jain. Ltd made a net profit of ₹ 1,00,000 for the year ended 31<sup>st</sup> December 2016

Loss on sale of machinery	10,000
Deprecation on buildings	4,000
Deprecation on machinery	5,000
Preliminary Expenses written off	5,000
Provision for taxation	10,000
Good will written off	5,000
Gain on sale building	8,000

Find out cash from operations.

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- (b) Discuss the difference between fund flow statement and a cash flow statement.
14. (a) Calculate current Ratio from the following information.

Stock	60,000
Sundry debtors	70,000
Cash	20,000
Bills receivables	30,000
Prepaid Expenses	10,000
Land and buildings	1,00,000
Good will	50,000
Creditors	20,000
Bills payable	15,000
Tax payable	1,8000
Outstanding Expenses	7,000
Back over draft	25,000
Debentures	75,000

Or

- (b) From the following information of a company Find out,
- (i) Current Asset
- (ii) Liquid Asset and
- (iii) Inventory.

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Current Ratio 2.5:1

Acid test Ratio 1.5:1

Current Liabilities ₹50,000

15. (a) Draw up a flexible budget or over head expenses on the basis of the following at 70%, 80%, and 90% capacity.

	70%	80%	90%
Variable overhead:			
Indirect material	—	4,000 —	—
Indirect labour	—	12,000	—
Semi-variable over head:			
Power (30% Fixed)	—	20,000	—
Repairs (60% Fixed)	—	2,000	—
Fixed over head:			
Depreciation	—	11,000	—
Insurance	—	3,000	—
Salaries	—	10,000	—
Total over heads	—	62,000	—
Estimated direct labour hour	—	1,24,000	—
		(hours)	

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(b) From the following information prepare a production budget:

Product	Stock (units)	Estimated sales	Estimated Stock
	1-1-2016	(Jan 16 to March 16) units	Units 31.3.2016
A	2,000	10,000	5,000
B	3,000	16,000	4,000
C	4,000	14,000	3,000
D	5,000	12,000	2,000

PART C — (3 × 10 = 30 marks)

Answer any THREE questions.

16. Explain the essentials to install efficient and effective Management Accounting system.

17. Prepare Fund Flow statement from the following information:

		Balance sheet			
Liabilities	2015	2016	Assets	2015	2016
	₹	₹		₹	₹
Capital	3,00,000	4,00,000	Cash	30,000	90,000
Reserve	1,00,000	50,000	Debtors	1,05,000	1,50,000
Retained profits	30,000	60,000	Stock	1,50,000	1,95,000
Bills payable	45,000	1,35,000	Fixed assets	1,90,000	2,10,000
	<u>4,75,000</u>	<u>6,45,000</u>		<u>4,75,000</u>	<u>6,45,000</u>

Additional information:

The company issued ₹ 50,000 Bonus shares and ₹ 50,000 shares for cash. Depreciation ₹ 15,000.

18. Given below are balance sheets of a company for two years. Prepare cash flow statement

Balance sheets

Liabilities	2010	2011	Assets	2010	2011
	₹	₹		₹	₹
Creditors	8,00,000	9,00,000	Cash	3,10,000	1,60,000
Tax provision	75,000	1,30,000	Debtors	4,20,000	5,00,000
Mortgage loan	10,00,000	9,00,000	Stock	10,00,000	8,75,000
Equity capital	20,00,000	20,00,000	Fixed Assets	40,00,000	46,00,000
Retained earnings	6,55,000	8,55,000	Less:		
			Accumulated Depreciation	15,00,000	16,50,000
			Investment	3,00,000	3,00,000
	<u>45,30,000</u>	<u>47,85,000</u>		<u>45,30,000</u>	<u>47,85,000</u>

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19. From the following data, prepare a balance sheet.

Sales – ₹ 36,00,000

Current debt to net worth – 43%

Sales to Net worth – 2.4 times.

Total debt to Net worth – 76%

Current ratio – 3 times.

Net sales to inventory – 4.8 times.

Average collection period (assume 360 days)– 60 days

Fixed Assets to Net worth 47%

20. A manufacturing company submits the following information for first quarter 2016:

Particulars	Product		
	A	B	C
Sales in units (January)	30,000	35,000	15,000
Sales in units (February)	20,000	25,000	10,000
Sales in units (March)	35,000	40,000	15,000
Selling price per unit	₹15	₹25	₹50

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Targets for 1<sup>st</sup> quarter  
2016

Particulars	Product	Product	Product
	A	B	C
Sales quantity increase	25%	15%	20%
Sales price increase	10%	15%	10%

You are required to prepare the sales Budget.

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