

(8 pages)

S.No. 1310

12UBA08

(For the candidates admitted from 2012–2013 onwards)

B.B.A. DEGREE EXAMINATION, APRIL/MAY 2018.

Fourth Semester

MANAGEMENT ACCOUNTING

Time : Three hours

Maximum : 75 marks

SECTION A — (10 × 2 = 20 marks)

Answer ALL questions.

1. Define management accounting.
2. What are the limitations of management accounting?
3. What do you mean by funds from operation?
4. What is the meaning of schedule of changes in working capital?
5. What are the limitations of cash flow statement?
6. Give the specimen of cash flow statement?
7. Explain the term Ratio analysis.

8. What are turnover ratios?
9. What is budgeting?
10. What is cost of production budget?

SECTION B — (5 × 5 = 25 marks)

Answer ALL questions.

11. (a) What are the objectives of management accounting?

Or

- (b) Differentiate between cost accounting and management accounting.

12. (a) From the following balance sheet prepare a schedule of changes in working capital.

Liabilities	2003 Rs.	2004 Rs.	Assets	2003 Rs.	2004 Rs.
Share capital	3,00,000	3,75,000	Machinery	70,000	1,00,000
Creditors	1,06,000	70,000	Stock in trade	1,21,000	1,36,000
Profit & loss a/c	14,000	31,000	Debtors	1,81,000	1,70,000
			Cash	48,000	70,000
	<u>4,20,000</u>	<u>4,76,000</u>		<u>4,20,000</u>	<u>4,76,000</u>

Or

- (b) What are the sources and application of funds?

13. (a) From the following balance sheet prepare a cash flow statement.

Liabilities	2005 Rs.	2006 Rs.	Assets	2005 Rs.	2006 Rs.
Share capital	2,00,000	2,50,000	Cash	30,000	47,000
Creditors	70,000	45,000	Debtors	1,20,000	1,15,000
Profit & loss a/c	10,000	23,000	Stock	80,000	90,000
			Land	50,000	66,000
	<u>2,80,000</u>	<u>3,18,000</u>		<u>2,80,000</u>	<u>3,18,000</u>

Or

(b) From the following profit and loss account you are required to compute cash from operation:

Particulars	Rs	Particulars	Rs.
To Rent	3,000	By Gross profit	30,000
To Salaries	4,000	By Profit on sale of machinery	5,000
To Depreciation	3,000		
To Goodwill written off	3,000		
To Loss on sale of share	3,000		
To Provision for taxation	4,000		
To Net profit	<u>15,000</u>		
	<u>35,000</u>		<u>35,000</u>

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14. (a) From the following particular find out:

- (i) Current Assets
- (ii) Current Liabilities
- (iii) Liquid Assets
- (iv) Stock.

Particulars:

Current ratio = 2.8

Acid Test Ratio = 1.5

Working capital = Rs .1, 62,000

Or

(b) Determine the value of closing stock from the following details:

Sales Rs. 4, 00,000

Gross profit ratio = 10%

Stock turnover ratio = 4 times

Closing stock was Rs. 10,000 in excess of opening stock.

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[P.T.O.]

15. (a) Prepare a production budget for three months ending March 31, 2004 for a factory producing four products, on the basis of the following information.

Type of product	Estimated stock on January 1, 2004 (units)	Estimated sales during January March, 2004 (units)	Desired closing stock March 31, 2004 (units)
A	2,000	10,000	5,000
B	3,000	15,000	4,000
C	4,000	13,000	3,000
D	5,000	12,000	2,000

Or

- (b) A manufacturing company submits the following figures of product x for the first quarter of 2003:

Sales (in units)

January 2, 50,000

February 2, 40,000

March 2, 60,000

Selling price per unit Rs. 100

Target of 1st quarter of 2004:

Sales quantity increase 20%

Sales price increase 10%

Prepare sales budget for the first quarter of 2004.

SECTION C — (3 × 10 = 30 marks)

Answer any THREE questions.

16. Distinguish between financial accounting and management accounting.

17. From the following balance sheet prepare fund flow statement:

Liabilities	31 st Dec.		Assets	31 st Dec.	
	2003	2004		2003	2004
	Rs	Rs.		Rs	Rs.
Share capital	3,00,000	400,000	Machinery	50,000	60,000
Creditors	1,00,000	70,000	Furniture	10,000	15,000
Profit & loss a/c	15,000	30,000	Stock-in-trade	85,000	1,05,000
			Debtors	1,60,000	1,50,000
			Cash	1,10,000	1,70,000
	<u>4,15,000</u>	<u>5,00,000</u>		<u>4,15,000</u>	<u>5,00,000</u>

18. The financial position of M/S Tall and Short on 1st January 2003 and 31st December 2003 was as follows:

Liabilities	1.1.2003	31.12.2003	Assets	1.1.2003	31.12.2003
	Rs	Rs		Rs	Rs
Current liabilities	36,000	41,000	Cash	4,000	3,600
Mrs. Tall's loan	-	20,000	Debtors	35,000	38,400

Loan from bank	30,000	25,000	Stock	25,000	22,000
Capital	1,48,000	1,49,000	Land	20,000	30,000
			Buildings	50,000	55,000
			Machinery	80,000	86,000
	<u>2,14,000</u>	<u>2,35,000</u>		<u>2,14,000</u>	<u>2,35,000</u>

During the year the partners withdrew Rs. 26,000 for domestic expenses provision for depreciation against machinery as on 1.1.2003 was Rs. 27,000 and on 31.12.2003 was Rs. 36,000. Prepare the cash flow statement for the year ended 31st December 2003.

19. Prepare a balance sheet from followings details:

Gross profit	Rs. 80,000
Gross profit to cost of goods sold	Rs. 1/3
Stock turnover	Rs. 6 times
Opening stock	Rs. 36,000
Accounts receivable velocity (year of 360 days)	Rs. 72 days
Current Assets	Rs. 1,50,000
Accounts payable velocity	Rs. 90 days
Bills receivable	Rs. 20,000
Bills payable	Rs. 5,000
Fixed Assets turnover ratio	Rs. 8 times.

20. From the following forecasts of income and expenditure prepare a cash budget for three months commencing 1st June, When the bank balance was Rs. 1,00,000.

	Sales Rs.	Purchase Rs.	Wages Rs.	Factory Expenses Rs.	Admin. and selling expenses Rs.
April	80,000	41,000	5,600	3,900	10,000
May	76,500	40,500	5,400	4,200	14,000
June	78,500	38,500	5,400	5,100	15,000
July	90,000	37,000	4,800	5,100	17,000
August	95,000	35,000	4,700	6,000	13,000

A sales commission of 5 per cent on sales, due two months after sales, is payable in addition to selling expenses. Plant valued at Rs. 65,000 will be purchased and paid for in August and the dividend for the last financial year of Rs. 15,000 will be paid in July. There is a two month credit period allowed to customers and received from suppliers.