

Reg. No. : .....

Name : .....

**Sixth Semester B.B.A. LL.B. (Five Year Integrated) Degree Examination,  
February 2022**

**Paper I — MANAGEMENT ACCOUNTING**

Time : 3 Hours

Max. Marks : 80

I. Answer **any five** of the following. **Each** question carries **2** marks.

1. Define Management Accounting.
2. What is Horizontal Analysis?
3. What do you mean by Ratio Analysis?
4. What is Current Ratio?
5. Define Fund.
6. Define Cash.
7. What do you mean by Variable Cost?
8. What do you mean by Marginal Cost?

**(5 × 2 = 10 Marks)**

II. Answer **any four** of the following. **Each** question carries **4** marks.

- |                          |          |
|--------------------------|----------|
| 1. Selling price p. unit | ₹ 50     |
| Variable cost p. unit    | ₹ 40     |
| Fixed cost               | ₹ 80,000 |

Calculate the number of units to be sold to earn a profit of ₹ 1,20,000.

2. Calculate working capital turnover ratio from the following :

	₹
Sales	5,75,000
Sales Returns	15,000
Current Assets	2,00,000
Current Liabilities	1,20,000

3. From the following particulars calculate the material usage variance.

	Standard	Actual
Material A	80 units @ Rs. 6 p.u	90 units @ 5 p.u
Material B	20 units @ Rs. 12 p.u	30 units @ 14 p.u
	<u>100</u>	<u>120</u>

4. What are the functions of Management Accounting?

5. Describe the limitations of financial statement analysis.

6. What are the main objectives of Ratio Analysis?

(4 × 4 = 16 Marks)

III. Answer **any four** of the following.

1. What are the difference between financial accounting and management accounting?

2. From the following data, prepare a common – size income statement.

	2014	2015
	₹	₹
Sales	10,50,000	16,75,000
Returns inwards	50,000	75,000
Cost of Goods sold	7,50,000	10,00,000
Administrative exp.	60,000	1,60,000

	2014	2015
	₹	₹
Selling exp.	40,000	80,000
Interest on loan	10,000	30,000
Income Tax	15,000	40,000

3. From the following details find out :

- (a) Current assets
- (b) Current liabilities
- (c) Liquid assets
- (d) Stock

Current Ratio = 2.5

Liquid Ratio = 1.5

Working capital = ₹ 60,000

4. From the following balance sheets on 31.12.14 and 31.12.15 you are required to prepare schedule of changes in working capital.

	31.12.14	31.12.15
Assets :		
Cash	30,000	47,000
Debtors	1,20,000	1,15,000
Stock in trade	80,000	90,000
Land	50,000	66,000
	<u>2,80,000</u>	<u>3,18,000</u>

Capital and Liabilities :

Share capital	2,00,000	2,50,000
Trade creditors	70,000	45,000
Retained earnings	10,000	23,000
	<u>2,80,000</u>	<u>3,18,000</u>

5. What are the difference between cash flow statement and fund flow statement?  
 6. Determine the value of closing stock :

Sales = ₹ 4,00,000

G/P = 10% of sales

Stock velocity = 4 times

Closing stock was ₹ 10,000 excess of opening stock.

(4 × 6 = 24 Marks)

IV. Answer **any three** of the following :

1. The following are the comparative balance sheets of XYZ Ltd. as on 31<sup>st</sup> Dec. 2015 and 2016.

Liabilities		Assets	
Share capital		Land	1,00,000 1,50,000
(share of 10% each)	3,50,000 6,85,000	Stock	2,46,000 2,13,500
P and L a/c	50,400 52,800	Goodwill	50,000 25,000
9% Debentures	60,000 30,000	Cash and b	42,000 3,50,000
Creditors	51,600 59,200	Temporary	3,000 4,000
		Invest debtors	71,000 84,500
	<u>5,12,000 8,27,000</u>		<u>5,12,000 8,27,000</u>

Other particulars provided to you are :

- (a) Dividends declared and paid during the year ₹ 17,500
- (b) Land was revalued during the year of ₹ 1,50,000 and the profit on revaluation transferred to Profit and Loss account. You are required to prepared a cash flow statement.

2. From the following particulars prepare the Balance Sheet of X Ltd., which has only one class of share. The term turnover refers to cost of sales and the term stock refers to closing stock.

- (a) Sales for the year ₹ 20,00,000
- (b) G/P Ratio 25%
- (c) Current Ratio 1.5
- (d) Acid test Ratio 1.25
- (e) Stock turnover Ratio 15
- (f) Debtors collection period  $1\frac{1}{2}$  months
- (g) Turnover of fixed assets 1.5
- (h) Ratio of reserves to share capital  $\frac{1}{3}$
- (i) Fixed assets to net worth  $\frac{5}{6}$

3. The operating results of a company for two years are as follows :

	Sales	Profit
2015	2,70,000	6,000
2016	3,00,000	15,000

Assuming the cost structure and selling price p. unit remain the same. You are required to calculate :

- (a) P/V Ratio
- (b) Fixed Cost
- (c) BEP
- (d) Variable Cost
- (e) Margin of safety at a profit of ₹ 24,000

4. Explain the role of management accounting in a modern complex business enterprise.

**(3 × 10 = 30 Marks)**

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