



Reg. No. :

Name :

**Sixth Semester B.B.A.LL.B. (Five Year Integrated) Degree Examination,
January 2018**

Paper – I : MANAGEMENT ACCOUNTING

Time : 3 Hours

Max. Marks : 80

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

Answer should **not** exceed **50** words **each**.

- 1) State any two objectives of management accounting.
- 2) State any two differences between management accounting and cost accounting.
- 3) What is debt-equity ratio ?
- 4) What do you mean by fund flow statement ?
- 5) Define standard cost.
- 6) Explain P/V ratio.
- 7) What is a common size balance sheet ?
- 8) What is material usage variance ?

(5×2=10 Marks)

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

Answer should **not** exceed **120** words **each**.

- 1) Explain comparative financial statements analysis.
- 2) How do you ascertain cash flows from operating activities ?
- 3) Explain the steps involved in the installation of standard costing system.



- 4) From the following figures calculate creditors turnover ratio and average debt payment period in months.

	Rs.
Credit purchases during 2015	1,05,000
Purchase returns	5,000
Creditors on 1-1-2015	20,000
Creditors on 31-12-2015	10,000
Bills payable 1-1-2015	4,000
Bills payable	6,000

- 5) From the following data, compute the break-even sales and margin of safety :

Sales Rs. 4,00,000 ; Fixed costs Rs. 1,00,000 ; Variable costs Rs. 2,40,000 ;
Net profit Rs. 60,000.

- 6) Product Y requires 100 Kgs. of materials at the rate of Rs. 40 per kg. The actual consumption of material for the manufacturing of that product came to 120 kgs. of materials at the rate of Rs. 45 per kg. Calculate material cost variance, material price variance and material usage variance. (4×4=16 Marks)

III. Answer **any four** of the following questions. **Each** question carries **six** marks.

- 1) What are the differences between management accounting and financial accounting ?
- 2) What are the limitations of ratio analysis ?
- 3) Explain the applications of standard costing in manufacturing organizations.
- 4) From the following details prepare a statement showing changes in working capital during 2015 :

Liabilities	2014	2015	2014	2015
	Rs.	Rs.	Rs.	Rs.
Share capital	5,00,000	6,00,000		
Reserves	1,50,000	1,80,000		
Profit and Loss A/c	40,000	65,000		
Debentures	3,00,000	2,50,000		
Creditors for goods	1,70,000	1,60,000		
Provision for tax	60,000	80,000		



Assets

Fixed assets	10,00,000	11,20,000
Less : Depreciation	<u>3,70,000</u>	<u>4,60,000</u>
	6,30,000	6,60,000
Stock	2,40,000	3,70,000
Book debts	2,50,000	2,30,000
Cash in hand	80,000	60,000
Preliminary expenses	20,000	15,000
	12,20,000	13,35,000
	13,35,000	12,20,000
	12,20,000	13,35,000

5) A product is sold at a price of Rs. 120 per unit and its variable cost is Rs. 80 per unit. The fixed expenses of the business are Rs. 8,000 per year. Find (i) BEP in Rs. and units, (ii) Profits made when sales are 240 units, (iii) Sales to be made to earn a net profit of Rs. 5,000 for the year.

6) From the following information, calculate (a) Sales (b) Closing stock (c) Sundry creditors (d) Sundry debtors :

- Gross profit ratio : 15%
- Debtors velocity : 3 months
- Stock velocity : 6 months
- Creditors velocity : 3 months

Gross profit for the year ending December 31st 2015 was Rs. 60,000. Closing stock is equal to opening stock. **(4×6=24 Marks)**

IV. Answer any three of the following questions. Each question carries ten marks.

1) From the following information compute (i) Gross profit ratio (ii) Stock turnover ratio (iii) Fixed assets turnover ratio (iv) Current ratio (v) Liquid ratio :
Sales Rs. 25,20,000 ; Cost of sales Rs. 19,20,000 ; Net profit Rs. 3,60,000 ;
Opening stock Rs. 3,00,000 ; Closing stock Rs. 5,00,000 ; Other current assets Rs. 7,60,000 ; Fixed assets Rs. 14,40,000 ; Net worth Rs. 15,00,000 ;
Long term debts Rs. 9,00,000 ; Current liabilities Rs. 6,00,000.



- 2) The following are the summary of cash transactions extracted from the books of Honey Ltd :

	(Rs. in '000)
Balance as on 1 st April, 2014	140
Receipts from customers	11,132
Issue of shares	1,200
Sale of fixed assets	512
	12,984
Payments to suppliers	8,188
Payments for fixed assets	920
Payments for overheads	460
Wages and salaries	276
Taxation	972
Dividends	320
Repayment of bank loans	1,000
	12,136
Balance as on 31 st March, 2015	848

You are required to prepare a cash flow statement of the company for the period ended 31st March, 2015.

- 3) Yuva Ltd., furnishes the following information relating to one of its product in the line of products Y-5.

Selling price per unit Rs. 100

Variable cost per unit Rs. 50

Total fixed cost Rs. 1,00,000

Calculate :

- Break-even point.
- P/V ratio.
- Sales required to earn profit of Rs. 50,000.
- New break-even point when selling price is reduced by 10% due to competition.

- 4) Explain the uses of cost volume profit analysis.

- 5) List out the advantages of standard costing.

(3×10=30 Marks)