

Reg. No. :

Name :

**Sixth Semester B.B.A. LL.B. (Five Year Integrated) Degree Examination,
November 2019**

Paper I : MANAGEMENT ACCOUNTING

Time : 3 Hours

Max. Marks : 80

I. Answer **any five** of the following. Each question carries **2** marks.
Answer should not exceed **50** words.

1. What do you mean by management accounting?
2. Write a note on common size statements.
3. What is Break Even Analysis?
4. What do you mean by current ratio?
5. What is marginal costing?
6. What are the limitations of ratio analysis?
7. What is make or buy decisions?
8. Calculate P/V ratio

Selling price — Rs. 10 per unit

Variable cost — Rs. 6 per unit

(5 × 2 = 10 Marks)

II. Answer **any four** of the following. Each question carries **4** marks. Answer should not exceed **120** words each.

1. Write notes on comparative and common size statements
2. What are the applications of marginal costing?
3. Define the term cash flow. Explain the objectives of cash flow analysis.
4. Calculate BEP (in units and in sales value) from the following informations;

	Per unit
Selling price	- Rs. 40
Variable manufacturing cost	- Rs. 22
Variable selling cost	- Rs.3
Fixed factory overheads	- Rs. 1,60,000
Fixed selling cost	- Rs. 20,000

5. From the following information calculate Debtors Turnover Ratio

Total sales	-	100,000
Cash sales	-	75,000
Returns	-	1,000
Debtors	-	3,000
Bills receivable	-	1,000

6. Calculate P/V Ratio from the following information;

	Sales	Profits
2012	1,20,000	9,000
2013	1,40,000	13,000

(4 × 4 = 16 Marks)

III. Answer **any four** of the following. Each question carries 6 marks.

1. What is a Break Even chart? State its main assumptions.
2. In the context of marginal costing, what do you mean by limiting factor?
3. Explain
 - (a) Volume variance
 - (b) Capacity variance
 - (c) Efficiency variance
 - (d) Calendar variance
 - (e) Sales mix variance
 - (f) Expense variance.
4. Calculate material cost variance, material price variance, material usage variance, labour cost variance, labour rate variance, labour efficiency variance, idle time variance from the following data

1 tonne of material input yields a standard output of 1 lakh units.

No. of employees — 200

The standard wage rate per employee per day is Rs. 6

The standard wage rate per employee per day — 20 per kg

Actual quantity of material; issued by production department — 10 tonnes

Actual price of material is Rs. 21 per kg

Actual output is 9 lakh units

Actual wage rate per day is Rs. 6.50

Standard daily output per employee is 100 units.

Total no. of days worked is 50.

Idle time paid for and included above is 1/2 day.

5. From the following information, make out a statement of proprietors funds with as many details as possible.

- (a) Current Ratio - 2
- (b) Liquid Ratio - 1.25
- (c) Proprietary Ratio - 0.60 (fixed assets / proprietors fund)
- (d) Working capital - 50,000
- (e) Reserve and surplus - 25,000
- (f) Bank overdraft - 10,000 (liquid liability)
- (g) There is no long term loan or fictitious assets.

6. From the following P & L a/c compute the funds from operations :

	Rs.		Rs.
To Salaries	2,500	By Gross profit b/d	500
To Rent	1,000	By Discount	2,500
To Depreciation	500	By Interest on investment	2,000
To Preliminary expenses	1,000	By Net Loss	2,500
To Loss on sale of land	2,500		
	<u>7,500</u>		<u>7,500</u>

(4 × 6 = 24 Marks)

IV. Answer **any three** of the following. Each question carries **10** marks.

1. The furniture making company places before you the following trading results.

	Sales (Rs.)	Profit (Rs.)
1974	20,000	1,000
1975	18,000	400

Find out the following :

- P/V Ratio.
 - Fixed costs.
 - Variable cost during the two years.
 - Margin of Safety at a profit of Rs. 1600.
2. Calculate the balance sheet items given in the under mentioned proforma with the help of following ratios :

Total Assets/ Net worth	- 3.5
Sales / Fixed Assets	- 6
Sales / Current Assets	- 8
Sales / Inventory	- 15
Sales / Debtors	- 18
Current Ratio	- 2.5
Annual sales	- 25 lakh

Liabilities	Rs.	Assets	RS.
Net worth		Fixed assets	
Long term debt		Inventories	
Current liabilities		Debtors	
		Liquid assets	
		Total current assets	

3. Explain the following terms :

- (a) Current ratio
- (b) Operating ratio
- (c) Inventory Turnover Ratio
- (d) Interest Coverage Ratio
- (e) Debt to Equity Ratio.

4. Write the pro forma of Cash Flow Statement.

5. What do you mean by management accounting? Differentiate between

- (a) Management accounting and cost accounting.
- (b) Management accounting and financial accounting.

(3 × 10 = 30 Marks)