



Reg. No. : .....

Name : .....

**Sixth Semester B.B.A. LL.B. (5 Year Integrated)  
Degree Examination, October 2016  
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) Define management accounting.
- 2) State any two differences between management accounting and financial accounting.
- 3) What is proprietary ratio ?
- 4) What do you mean by cash flow statement ?
- 5) Define marginal cost.
- 6) Explain margin of safety.
- 7) When does the flow of fund take place ?
- 8) What is a variance ?

(5x2=10 Marks)

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

- 1) Explain trend analysis.
- 2) How do you ascertain funds from operations ?
- 3) What are the advantages of marginal costing ?
- 4) From the following figures of ABC Ltd., calculate return on capital employed and return on total assets :

Net profit before interest and tax Rs. 2,75,000; Net profit after tax Rs. 2,20,000;  
Net profit after interest and tax Rs. 1,10,000; Preference dividend Rs. 35,000;  
Capital employed Rs. 11,00,000; Total assets Rs. 12,65,000; Net worth or  
equity shareholder's funds Rs. 7,50,000.



- 5) From the following figures ascertain the break-even sales.  
Sales Rs. 20,00,000; Fixed costs Rs. 5,00,000; Variable costs Rs. 12,00,000.
- 6) Product X requires 60 kgs. of materials at the rate of Rs. 8 per kg. The actual consumption of material for the manufacturing of that product came to 59 kgs. of materials at the rate of Rs. 9 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 cost accounting ?
- 2) What are the limitations of financial statements ?
- 3) Explain the significance of standard costing in manufacturing organizations.
- 4) The following are the summary of cash transactions extracted from the books of Beta Ltd.

	(Rs. in '000')
Balance as on 1 <sup>st</sup> 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 <sup>st</sup> March, 2015	848

You are required to ascertain cash from the operating activities for the period ended 31<sup>st</sup> March, 2015.



- 5) From the following data calculate (a) P/V Ratio, (b) Fixed expense and (c) Break even sales.

	Sales Rs.	Profit Rs.
Period 1	1,50,000	4,000
Period 2	1,90,000	12,000

- 6) From the following information, calculate debtors turnover ratio and average collection period.

	Rs.
Total debtors (Opening balance)	2,00,000
Cash sales	1,50,000
Credit sales	10,00,000
Cash collected	7,80,000
Sales returns	60,000
Bad debts	40,000
Discount allowed	20,000
Provision for bad debts	25,000

No. of days in a year – 360. (4x6=24 Marks)

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

- 1) From the following information on 31<sup>st</sup> March, 2015 prepare balance sheet of Alfa Ltd.
- i) Current Ratio 2.5
  - ii) Liquid Ratio 1.5
  - iii) Proprietary Ratio 0.75
  - iv) Working capital Rs. 60,000
  - v) Reserves and surplus Rs. 40,000
  - vi) Bank overdraft Rs. 10,000

There are no long term loans or fixed assets.



- 2) From the following two balance sheet of M/s Mohan Traders as at December 31, 2014 and 2015. Prepare the statement of sources and uses of funds.

	2014	2015	2014	2015
Liabilities	Rs.	Rs.	Rs.	Rs.
Share capital	80,000	90,000		
Trade creditors	20,000	46,000		
Profit and Loss A/c	4,60,000	5,00,000		
<b>Assets</b>				
Cash			60,000	94,000
Debtors			2,40,000	2,30,000
Stock in trade			1,60,000	1,80,000
Land			1,00,000	1,32,000
	<u>5,60,000</u>	<u>6,36,000</u>	<u>5,60,000</u>	<u>6,36,000</u>

- 3) A manufacturing company provides the following information :

- 1) The P/V Ratio of a firm is 40%.
- 2) The firm wants to increase its selling price by 10%.
- 3) The firm's variable cost is higher now by 5%.
- 4) The fixed expenses of the firm have gone up from Rs. 2,00,000 to Rs. 2,58,500.

Compute the original BEP sales and the revised BEP sales.

- 4) Explain the procedure for the preparation of cash flow statement with the format of cash flow statement.
- 5) Explain the various types of standards in standard costing. **(3×10=30 Marks)**