

**B.B.A. DEGREE EXAMINATION, NOVEMBER 2018**  
**II Year III Semester**  
**Core Major- Paper V**  
**MANAGEMENT ACCOUNTING**

**Time : 3 Hours**

**Max.marks :75**

**Section A** ( $10 \times 2 = 20$ ) Marks

Answer any **TEN** questions

1. What is Management Accounting?
2. What is cost accounting?
3. What is common size statement?
4. How do you show the following items in a comparative Income statement?

Particulars	31-3-17	31-3-18
Sales	10,00,000	12,00,000
Cost of Sales	8,00,000	10,50,000

5. What is meant by Ratio Analysis?
6. Gross profit ratio = 25%  
 Gross profit during the year amounted to Rs. 80,000.  
 Find out sales.
7. What is cash flow statement?
8. State the effect on working capital caused by the following:
  - I. Increase in Cash Rs. 1,700
  - II. Increase in Stock Rs. 1,600
  - III. Decrease in Debtors Rs. 500
  - IV. Decrease in Creditors Rs. 2,500
9. Calculate BEP:  
 P/V ratio: 40%; Total cost: Rs. 1,00,000; Variable cost: Rs. 60,000.
10. From the following information, calculate margin of safety.
 

	Rs.
Break-even point sales	50,000
Actual sales	75,000
11. Fixed cost at 60% activity level is Rs. 20,000. What will be the fixed cost at 70% and 90% activity levels?
12. Current Ratio 2.5; Working Capital Rs. 60,000; Calculate current assets and current liabilities.

**Section B** ( $5 \times 5 = 25$ ) MarksAnswer any **FIVE** questions

13. Describe the importance of Management accounting.
14. From the following profit and loss account of Kumar Ltd., for the year ended 31st December 2016 and 2017, you are required to prepare a comparative income statement for the years 2016 and 2017.

Profit and Loss Account (Rs. in lakhs)

Particulars	2016	2017	Particulars	2016	2017
To Cost of goods sold	600	750	By Net Sales	800	1,000
To Administrative expenses	20	20			
To Selling expenses	30	40			
To Net profit	150	190			
	800	1,000		800	1,000

15. Calculate: (a) Current Ratio (b) Liquidity Ratio

	Rs.
Cash	18,000
Debtors	1, 42,000
Closing stock	1, 80,000
Bills payable	27,000
Creditors	50,000
Outstanding expenses	15,000
Tax payable	75,000

16. From the following balances, you are required to calculate the cash from operations: Particulars 31-12-2016

Particulars	31-12-2016(Rs.)	31-12- 2017(Rs.)
Debtors	50,000	47,000
Bills Receivable	10,000	12,500
Creditors	20,000	25,000
Bills payable	8,000	6,000
Outstanding expenses	1,000	1,200
Prepaid expenses	800	700
Accrued income	600	750
Income received in advance	300	250
Profit made during the year	—	1,30,000

17. From the following details find out

- (a) P/V ratio
- (b) Break-even point
- (c) Margin of safety.

	Rs.
Sales	1, 00,000
Total costs	80,000
Fixed costs	20,000
Net profit	20,000

18. You are required to prepare a production Budget for the half year ending 30-6-2018 from the following information.

Product	Estimated Sales (Units)	Estimated Opening Stock (Units)	Estimated Closing Stock (Units)
A	20,000	4,000	5,000
B	50,000	6,000	10,000
C	30,000	5,000	4,000

19. Prepare a flexible budget for production at 80% and 100% activity on the basis of the following information:

Production at 50% capacity	- 5,000 units
Raw materials	- Rs. 80 per unit
Direct labour	- Rs. 50 per unit
Direct expenses	- Rs.15 per unit
Factory expenses	- Rs. 50,000 (50% fixed)
Administration expenses	- Rs. 60,000 (60% variable)

**Section C** ( $2 \times 15 = 30$ ) Marks

Answer any **TWO** questions

20. The following are the extracts from the income statements of Sun Ltd., for the 4 years ending 2014. You are required to calculate trend percentages, taking 2011 as the base year.

(Figures in thousands)

Particulars	2011	2012	2013	2014
Sales	300	340	420	480
Cost of goods sold	180	204	256	287
Office expenses	40	42	45	50
Selling expenses	20	25	30	40
Net profit/loss	60	69	89	103

21. Following are the ratios to the trading activities of Ravi Ltd.

Debtor's Velocity	3 Months
Stock Velocity	8 Months
Creditors Velocity	2 Months
Gross Profit ratio	25 %

Gross profit for the year ended 31st December, 2015 amounts to Rs 4, 00,000. Closing stock of the year is Rs.10, 000 above the opening Stock. Bills receivable amount to Rs 25,000 and Bills payable to Rs 10,000.

- Find out: (a) Sales  
 (b) Debtors  
 (c) Closing Stock and  
 (d) Creditors

22. The comparative balance sheets of a company are given below:

Liabilities	2016(Rs.)	2017(Rs.)	Assets	2016(Rs.)	2017(Rs.)
Share capital	35,000	37,000	Cash	4,500	3,900
Debentures	6,000	3,000	Book debts	7,450	8,850
Creditors	5,180	5,920	Stock	24,600	21,350
Provision for doubtful debts	350	400	Land	10,000	15,000
Profit and Loss	5,020	5,280	Goodwill	5,000	2,500
	51,550	51,600		51,550	51,600

Additional information available are:

- (a) Dividend paid amounted to Rs. 1,750.  
 (b) Land was purchased for Rs. 5,000 and amount provided for the amortization of goodwill amounted to Rs. 2,500.  
 (c) Debentures were repaid to the extent of Rs. 3,000.

You are required to prepare funds flow statement

23. The sales turnover and profit during two years were as follows:

Year	Sales(Rs.)	Profit(Rs.)
2016	1, 00,000	12,000
2017	1, 40,000	22,000

Calculate:

- (a) P/V Ratio  
 (b) Fixed Cost  
 (c) Break-Even point.  
 (d) Sales required to earn a profit Rs. 30,000.  
 (e) Profit when sales are Rs. 2,00,000.