

Sixth Semester B.B.M. Degree Examination, April/May 2019

(CBCS Scheme)

Management

MANAGEMENT ACCOUNTING

Time : 3 Hours]

[Max. Marks : 90

Instructions to Candidates : Answer should be written only in English.

SECTION – A

1. Answer any **TEN** sub questions. Each question carries **2** marks. **(10 × 2 = 20)**
 - (a) Define management accounting.
 - (b) What do you mean by comparative balance sheet?
 - (c) Give the meaning of fund flow statement.
 - (d) State any four components of current liabilities.
 - (e) What do you mean by fixed cost?
 - (f) Give the meaning of flexible budget.
 - (g) Given sales Rs. 8,00,000, PV ratio 25%, find variable cost and contribution.
 - (h) If current ratio is 2.5, liquid ratio is 1.5 and current liabilities are Rs.1,00,000. Find the value of stock.
 - (i) State the significance of analysing the financial statements.
 - (j) Mention any four cash flows, from investing activities.
 - (k) State under the following situations whether working capital increase or decrease or do not change :
 - (i) by issue of debentures and subscription received
 - (ii) by redumption of preference share capital
 - (iii) by amortization of goodwill
 - (iv) by sale of marketable securities at book value.
 - (l) How margin of safety is calculated?

SECTION – B

Answer any **FIVE** of the following questions. Each question carries **5** marks.

(5 × 5 = 25)

2. Distinguish between cost accounting and management accounting.

3. Briefly explain the limitations of management accounting.

4. Sales (10,000 units) Rs. 2,00,000

Variable cost Rs. 12 per unit

Fixed costs Rs. 50,000

Calculate number of units to breakeven and units to be sold to earn a profit of Rs. 40,000.

5. From the following information find, the fund from operation.

P/L a/c for the year ended 31.3.2019

Particulars	Amount	Particulars	Amount
To Salaries	62,000	By Gross Profit B/d	1,40,000
To Depreciation	12,000	By Gain on sale of investment	500
To Goodwill written off	2,000	By Dividend received	1,000
To Rent	5,000		
To Printing & Stationery	500		
To Loss on sale of furniture	700		
To Provision for taxation	11,000		
To Proposed dividend	6,000		
To Preliminary expenses	300		
To Net profit	42,000		
	1,41,500		1,41,500

6. Briefly explain the advantages of ratio analysis.

7. From the following information prepare Common Size Income Statement.

	1.4.18	31.3.19
Cost of goods sold	2,50,000	3,00,000
Net sales	5,00,000	7,00,000
Administration expenses	40,000	40,000
Selling expenses	30,000	35,000
Distribution expenses	30,000	40,000
Non-operating expenses	15,000	10,000

8. From the particulars given below calculate cash flow from operating activities.

P/L a/c for the year ending 31.3.2019

Particulars	Amount	Particulars	Amount
To Salaries	32,000	By Gross Profit b/d	60,000
To Depreciation	4,000	By Income on investment	1,000
To goodwill written off	2,000		
To Provision for tax	4,000		
To General expenses	6,000		
To Discount allowed	500		
To Preliminary expenses	500		
To Net Profit	12,000		
	61,000		61,000

Other information :

	1.4.18	31.3.19
Stock	16,000	18,000
Debtors	18,000	17,000
Creditors	14,000	13,000
Bills payable	2,000	3,000
Short term investment	10,000	–

SECTION – C

Answer any **THREE** questions. Each question carries **15** marks.

(3 × 15 = 45)

9. Following is the B/s of XYZ Ltd. Co., as on 31.3.18 and 31.3.19.

	31.3.18	31.3.19
Equity share capital	2,00,000	3,00,000
10% preference share capital	1,00,000	–
8% debentures		2,00,000
Bank loan	75,000	–
General reserve	45,000	50,000
Profit and Loss a/c	35,000	40,000
Creditors	60,000	55,000
Bills payable	10,000	5,000
O/s expenses	–	5,000
Total	5,25,000	6,55,000
Land and Building	2,00,000	2,80,000
Plant and Machinery	2,00,000	2,40,000
Furniture & Fittings	25,000	20,000
Investments (long term)	25,000	–
Debtors	35,000	62,000
Bills receivable	6,000	5,000
Stock	30,000	34,000
Cash and bank balance	4,000	8,000
Prepaid expenses	–	6,000
Total	5,25,000	6,55,000

Construct comparative balance sheet and interpret the results.

10. Following information related to XYZ Ltd. Co.

Year	Sales	Profit
31.3.2019	6,00,000	1,20,000
31.3.2018	4,00,000	60,000

Calculate :

- P.V. Ratio & Fixed Cost
- Breakeven point

- (c) Required sales to earn, profit of Rs. 1,50,000
 (d) Profit or Loss when sales is Rs. 3,00,000
 (e) Margin of safety when profit is Rs. 90,000.

11. The expenses budgeted for production of 5000 units in a factory are furnished below :

	Rs. Per Unit
Materials	70
Labour	25
(75% fixed) factory overheads	20
(100% fixed) administration overheads	10
(60% variable) selling overheads	15
Direct expenses	5
Total	145

Prepare a budget for the production of 4000 and 6000 units, total and per unit wise.

12. Following is the B/S of ABC Ltd., as on 31.3.2018 and 31.3.2019.

Particulars	31.3.2018	31.3.2019
Liabilities		
Equity share capital	2,00,000	2,50,000
10% preference share capital	50,000	–
8% debentures	–	75,000
Bank loan	50,000	–
General reserve	30,000	40,000
Profit and Loss a/c	20,000	25,000
Creditors	70,000	65,000
Bills payable	10,000	–
Provision for tax	15,000	18,000
Total	4,45,000	4,73,000

Assets		
Land & Building	2,00,000	2,00,000
Plant & Machinery	1,00,000	1,55,000
Furniture & Fittings	20,000	15,000
Investments	55,000	20,000
Stock	32,000	42,000
Debtors	30,000	28,000
Cash at Bank	3,000	10,000
Preliminary expenses	5,000	3,000
Total	4,45,000	4,73,000

Additional Information :

- Dividend paid during the year 2019 amounted to Rs. 12,500
- Tax provisions made during 2019 Rs. 20,000
- A plant, whose w.d.v. Rs. 12,000 was sold for Rs. 8,000 in 2019
- Depreciation provided on plant and machinery Rs. 15,000 and furniture by Rs. 5,000

Prepare schedule of changes in working capital and fund flow statement.

13. From the following information prepare cash flow statement.

Particulars	2018	2019
Creditors	1,30,000	1,40,000
Bills payable	12,000	11,000
Bank overdraft	–	5,000
Capital	3,73,000	4,09,000
Depreciation fund	20,000	25,000
	5,35,000	5,90,000
Land	2,00,000	2,00,000
Building	1,50,000	1,50,000
Machinery	80,000	1,20,000
Stock	40,000	35,000
Debtors	60,000	75,000
Cash	5,000	10,000
	5,35,000	5,90,000

Mr. X proprietor of the above concern withdrew Rs. 23,000 for his personal use. In 2019 machinery costing Rs. 20,000, its w.d.v. Rs. 12,000 was sold for Rs. 13,500. Depreciation provided on machinery in 2019 amounted to Rs. 3,000.