



Q.P. Code – 16503

**Fifth Semester B.B.M. Degree Examination,
October/November 2019**

(Non-CBCS – RNS)

Management

Paper 5.3 – MANAGEMENT ACCOUNTING

Time : 3 Hours]

[Max. Marks : 80

Instructions to Candidates :

1. *Answer should be written in English only.*
2. *Working notes should be given wherever necessary.*

SECTION – A

1. Answer any **TEN** of the following sub-questions. Each sub-question carries 2 marks : **(10 × 2 = 20)**
 - (a) What is management accounting?
 - (b) What is comparative statement analysis?
 - (c) Name the principle tools of financial analysis.
 - (d) State the four rules to be remembered while preparing a statement of changes in working capital.
 - (e) What do you mean by cash flow statement?
 - (f) Write a note on stock turnover ratio.
 - (g) What is marginal cost equation?
 - (h) What is P/v ratio?
 - (i) What is angle of incidence?
 - (j) What is Break Even chart?
 - (k) Sales Rs. 2,40,000, variable cost Rs. 1,50,000 and profit Rs. 50,000. Find out fixed cost.
 - (l) Give any two examples each of current and non-current assets.

SECTION – B

Answer any **THREE** of the following. Each question carries 5 marks : **(3 × 5 = 15)**

2. Briefly explain the objectives of management accounting.
3. What are the uses of Break Even analysis? Explain.
4. What are the main objectives of comparative analysis?

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5. From the following prepare :

- (a) Provision for Tax a/c
- (b) Machinery account.

	Rs.
Opening provision for tax	20,000
Closing provision for tax	30,000
Tax paid during the year	25,000
Plant and machinery on 1.1.2018	5,00,000
Depreciation on plant and machinery during the year	50,000
Plant and machinery on 1.1.2019	8,00,000

A piece of machinery costing Rs. 12,000 was sold for Rs. 8,000, depreciation of Rs. 7,000 had been provided on it.

6. Given : Sales – Rs. 5,00,000, Fixed cost Rs. 1,00,000, Variable cost Rs. 3,00,000.

Find out the following :

- (a) P/V ratio
- (b) BEP
- (c) Sales value required to earn a profit of Rs. 90,000.

SECTION – C

Answer any **THREE** questions. Each question carries 15 marks : **(3 × 15 = 45)**

7. Explain differences between financial accounting, management accounting and cost accounting.

8. The following information relating to Chiru Ltd. is given for the year 31.3.2018.

- (a) Current ratio – 2.5
- (b) Liquid ratio – 1.5
- (c) Stock turnover ratio – (COGS/Closing stock) 6times
- (d) G/P ratio 20% on sales
- (e) Fixed assets to turnover 2 times
- (f) Average debt collection period 2 months
- (g) Fixed assets to share holder net worth 1 : 1
- (h) Long term liabilities to share holders net worth 0.4
- (i) Networking capital Rs. 4,50,000
- (j) Reserves : share capital 0.5 : 1

Draw up a balance sheet from the above data.

9. Following is the balance sheet of Anupoorna as on 1.1.2018 and 31.12.2018.

Liabilities	1.1.18	31.12.18	Assets	1.1.18	31.12.18
	Rs.	Rs.		Rs.	Rs.
Capital	2,50,000	3,06,000	Cash	20,000	14,000
Mrs. Anapoorna loan	50,000	-	Debtors	60,000	1,00,000
Loan from bank	80,000	1,00,000	Stock	70,000	50,000
Creditors	80,000	88,000	Land	80,000	1,00,000
			Building	70,000	1,20,000
			Machinery	1,60,000	1,10,000
	<u>4,60,000</u>	<u>4,94,000</u>		<u>4,60,000</u>	<u>4,94,000</u>

During the year machine costing Rs. 20,000 (accumulated depreciation Rs. 6,000) was sold for Rs. 10,000. The provision for depreciation against machinery as on 1.1.18 and 31.12.18 were of Rs. 50,000 and Rs. 80,000 respectively. Net profit for the year amounted to Rs. 14,90,000.

You are required to prepare a cash flow statement as per AS-3.

10. Given below are the sales and profit of XYZ Ltd. for the year 2018 and 2019.

Year	2018	2019
Sales (Rs.)	2,00,000	2,40,000
Profit (Rs.)	60,000	76,000

You are required to calculate :

- P/V ratio
- Fixed cost
- BEP
- Sales to earn profit of Rs. 80,000
- Variable cost of two years.

11. From the following information relating to Raghavendra Ltd., prepare statement of changes in working capital and a fund flow statement :

Liabilities	2017	2018	Assets	2017	2018
	Rs.	Rs.		Rs.	Rs.
Equity share capital	60,000	80,000	Goodwill	20,000	16,000
8% preference share capital	30,000	20,000	Land and Building	40,000	34,000
Capital reserve	-	4,000	Plant and Machinery	16,000	40,000



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Liabilities	2017	2018	Assets	2017	2018
	Rs.	Rs.		Rs.	Rs.
General reserve	8,000	10,000	Investment	4,000	6,000
P & L account	6,000	9,600	Sundry debtors	28,000	34,000
Proposed dividend	8,400	10,000	Stock	15,400	21,800
Creditors	5,000	9,400	Bills receivables	4,000	6,000
Bills payable	4,000	3,200	Bank	3,000	2,000
Outstanding expenses	6,000	7,200	Cash in hand	2,000	1,600
Provision for taxation	8,000	10,000	Preliminary expenses	3,000	2,000
	<u>1,35,400</u>	<u>1,63,400</u>		<u>1,35,400</u>	<u>1,63,400</u>

Additional information :

- (a) A piece of land has been sold out in 2018 and the profit on sale has been credited to capital reserve account.
- (b) A machine has been sold for Rs. 2,000 (the book value of the machine was Rs. 2,400), depreciation of Rs. 2,000 is charged to plant and machinery account in 2018.
- (c) Income tax paid during the year was Rs. 8,000.
- (d) An interim dividend of Rs. 4,000 has been paid in 2018.