

**FIFTH SEMESTER B.B.A. DEGREE EXAMINATION, NOVEMBER 2019**

(CUCBCSS—UG)

B.B.A.

BBA VB 07—ACCOUNTING FOR MANAGEMENT

Time : Three Hours

Maximum : 80 Marks

**Part I (Objective Questions)***Answer all ten question.*

Choose the correct answer :

1. Management accounting involves :
  - (a) Recording transactions.
  - (b) Classifying of transactions.
  - (c) Preparation of financial transactions.
  - (d) Analysis and interpretation of data.
2. Marketable securities are included in
  - (a) Current assets.
  - (b) Current liabilities.
  - (c) Fixed assets.
  - (d) None of these.
3. A fund flow statement is prepared
  - (a) At any time.
  - (b) Before preparing profit and loss account.
  - (c) Before preparing balance sheet.
  - (d) After preparing balance sheet.
4. Management accounting information is used by :
  - (a) Share holders.
  - (b) Creditors.
  - (c) Management.
  - (d) Government agencies.
5. When fixed cost is deducted from contribution, the balance will be \_\_\_\_\_.
  - (a) Variable cost.
  - (b) Profit.
  - (c) Total cost.
  - (d) Sales.

Turn over

Fill in the blanks :

6. Management accounting deals with financial and \_\_\_\_\_.
7. The balance sheet discloses the \_\_\_\_\_ of a business.
8. \_\_\_\_\_ ratio is also called working capital ratio.
9. Marginal costing is a \_\_\_\_\_ of costing.
10. In responsibility accounting the organisation is divided into different \_\_\_\_\_.

(10 × 1 = 10 marks)

### Part II (Short Answer Questions)

*Answer any **eight** out of the ten questions in two or three sentences.*

11. Sales Rs. 60,000  
Profit Volume ratio 20%.  
Calculate Contribution.
12. Define management accounting.
13. What do you understand by ratio analysis ?
14. What are solvency ratios ?
15. What do you mean by Responsibility accounting ?
16. Define cash flow statement.
17. Current ratio 2.5 ; Working capital Rs. 90,000. Calculate current assets and current liabilities.
18. What do you mean by fund flow statement ?
19. Define marginal cost.
20. Break-Even Point Rs. 80,000  
Profit Volume ratio 20%  
Calculate Fixed cost.

(8 × 2 = 16 marks)

### Part III (Short Essay Questions)

*Answer any **six** out of the eight questions in about 200 words.*

21. The following information relating to a company is given :

Current Liabilities Rs. 2,00,000

Current Ratio 2.5 : 1

Liquid ratio 1.25 : 1

Calculate.

- (a) Current assets.
- (b) Liquid assets.
- (c) Working capital.
- (d) Stock.

22. From the following particulars, calculate stock turnover ratio.

Opening stock Rs. 1,60,000

Purchases Rs. 4,80,000

Carriage on purchases Rs. 40,000

Sales Rs. 8,00,000

Closing stock Rs. 1,20,000

23. Find out the value of creditors from the following :

Sales Rs. 1,00,000

Opening Stock Rs. 10,000

Gross Profit on sales 10%

Closing stock Rs. 20, 000

Creditor's velocity 73 Days

Bills Payable Rs. 6,000

24. Calculate Break-Even point from the following :

Fixed Expenses Rs. 3,00,000

Variable per unit Rs. 10

Selling Price Rs. 15

25. Explain the limitations of ratio analysis.

26. Explain the scope of management accounting.

27. Calculate working capital turnover ratio from the following information :

Sales Rs. 2,87,500

Sales returns Rs. 7,500

Current assets Rs. 1,00,000

Current liabilities Rs. 60,000

Turn over

28. From the following balances extracted from BC Co. Ltd. as on 31-12-2014 and 2015, you are required to prepare a schedule of changes in working capital :

<i>Liabilities</i>	As on 31 <sup>st</sup> December		<i>Assets</i>	As on 31 <sup>st</sup> December	
	2014	2015		2014	2015
Share Capital	40,000	45,000	Fixed assets	50,000	66,000
Creditors	10,000	23,000	Stock	80,000	90,000
P and L Account	2,30,000	2,50,000	Debtors	1,20,000	1,15,000
			Cash at bank	30,000	47,000
	2,80,000	3,18,000		2,80,000	3,18,000

(6 × 4 = 24 marks)

#### Part IV (Essay Questions)

Answer any **two** out of the three questions in about 800 words.

29. PK Ltd., furnishes you the following data relating to the year 2014 :

	First half of the year	Second half of the year
	Rs.	Rs.
Sales ...	45,000	50,000
Total cost ...	40,000	43,000

Assuming that there is no change in prices and variable costs and that the fixed expenses are incurred equally in the two half year periods, calculate the following :

- The Profit volume ratio.
  - The fixed expenses.
  - The break even sales.
  - Percentage of margin of safety.
30. What are the advantages and limitations of Responsibility accounting ?
31. Give a brief description of various ratios for analysis of liquidity, solvency and profitability of the firm.

(2 × 15 = 30 marks)