

**FIFTH SEMESTER B.B.A. DEGREE EXAMINATION, NOVEMBER 2017**

(CUCBCSS—UG)

**BBA VB 07—ACCOUNTING FOR MANAGEMENT**

Time : Three Hours

Maximum : 80 Marks

**Part I**

*Objective Questions.*  
*Answer all ten questions.*  
*Each question carries 1 mark.*

Choose the correct answer :

1. Turnover ratios indicate.
  - (a) Liquidity.
  - (b) Profitability.
  - (c) Efficiency in the use of resources.
  - (d) None of these.
2. Management accounting involves :
  - (a) Recording transactions.
  - (b) Classifying of transactions.
  - (c) Preparation of financial transactions.
  - (d) Analysis and interpretation of data.
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. When fixed cost is deducted from contribution, the balance will be \_\_\_\_\_.
  - (a) Variable cost.
  - (b) Profit.
  - (c) Total cost.
  - (d) Sales.
5. Management accounting is an extension of :
  - (a) Cost accounting.
  - (b) Financial accounting.
  - (c) Management theory.
  - (d) None of these.

**Turn over**

Fill in the blanks :

6. \_\_\_\_\_ are the final products of accounting.
7. The balance sheet discloses the \_\_\_\_\_ of a business.
8. \_\_\_\_\_ ratio is also called working capital ratio.
9. \_\_\_\_\_ statement is another name of profit and loss account.
10. \_\_\_\_\_ is the excess of sales over marginal cost.

(10 × 1 = 10 marks)

**Part II (Short Answer Questions)**

*Answer any **eight** out of the ten questions in two or three sentences.  
Each question carries 2 marks.*

11. Sales Rs. 1,50,000.  
Profit Volume ratio 20 %.  
Calculate Contribution.
12. Define marginal costing.
13. Current ratio 2.5 ; Working capital Rs. 1,80,000. Calculate current assets and current liabilities.
14. From the following data calculate :
  - (a) PV ratio.
  - (b) Profit when sales are Rs. 80,000.Fixed expenses Rs. 16,000.  
Break even sales Rs. 40,000.
15. Calculate fixed cost from the following data :—  
Break Even Point Rs. 60,000.  
Profit Volume ratio 20 %.
16. Define management accounting.
17. What do you understand by ratio analysis ?
18. Define cash flow statement.
19. What are liquidity ratios ?
20. What do you mean by Break even point ?

(8 × 2 = 16 marks)

**Part III (Short Essay Questions)**

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

Each question carries 4 marks.

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

Current Liabilities Rs. 30,000.

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. 16,000.

Purchases—Rs. 48,000.

Carriage on purchases—Rs. 4,000 .

Sales—Rs. 80,000.

Closing stock—Rs. 12,000.

23. Findout the value of creditors from the following :—

Sales—Rs. 75,000.

Opening Stock—Rs. 15,000.

Gross Profit on sales 10 %.

Closing stock—Rs. 30, 000.

Creditor's velocity 73 Days.

Bills Payable—Rs. 9,000.

24. Calculate Break Even point from the following :—

Fixed Expenses—Rs. 60,000.

Variable per unit—Rs. 10.

Selling Price—Rs. 15.

25. Mention the limitations of financial statements.

26. Explain the limitations of ratio analysis.

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

Sales Rs. 1,23,750 ; Sales returns Rs. 3,750 ; Current assets Rs. 40,000 ; Current liabilities Rs. 20, 000.

Turn over

28. From the following balances extracted from XYZ Co. Ltd. as on 31-12-2015 and 2016, you are required to prepare a schedule of changes in working capital.

<i>Liabilities</i>	<i>As on 31<sup>st</sup> December</i>		<i>Assets</i>	<i>As on 31<sup>st</sup> December</i>	
	2015	2016		2015	2016
Share Capital	1,00,000	1,20,000	Fixed assets	1,26,000	1,32,000
General reserve	30,000	36,000	Stock	48,000	74,000
Profit and Loss Account	8,000	13,000	Debtors	50,000	46,000
Debentures	60,000	50,000	Cash at bank	16,000	12,000
Creditors	34,000	32,000	Preliminary Expenses	4,000	3,000
Provision for tax	12,000	16,000			
	2,44,000	2,67,000		2,44,000	2,67,000

(6 × 4 = 24 marks)

#### Part IV (Essay Questions)

*Answer any two out of the three questions in about 800 words.  
Each question carries 15 marks.*

29. Explain the advantages of management accounting.
30. Ratio analysis is a tool of management for measuring efficiency and guiding business policies- Discuss.
31. From the following information, prepare a Balance Sheet. Show the workings :—
- |  |     |              |
|--|-----|--------------|
| (a) Working Capital                      | ... | Rs. 1,50,000 |
| (b) Reserve and Surplus                  | ... | Rs. 2,00,000 |
| (c) Bank Overdraft                       | ... | Rs. 1,20,000 |
| (d) Current Ratio                        | ... | 1.75         |
| (e) Liquid Ratio                         | ... | 1.15         |
| (f) Fixed Assets to<br>Proprietor's Fund | ... | 0.75         |
| (g) Long-term<br>liabilities             | ... | Nil          |

(2 × 15 = 30 marks)