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Reg. No.....

Name.....

B.B.A. DEGREE (C.B.C.S.S.) EXAMINATION, OCTOBER 2014

Fifth Semester

Core Course—MANAGEMENT ACCOUNTING

Time : Three Hours

Maximum Weight : 25

Part A (Objective Type)

Answer all questions.

Each bunch of four questions carries a weight of 1.

Choose the correct answer from the following.

- I. 1 Management Accounting helps management in :
- (a) Preparation of final accounts. (b) Raising finance.
(c) Filing tax returns. (d) Decision making.
- 2 ——— is an arithmetical relationship of one number to another number.
- (a) Ratio. (b) Unit.
(c) Cost. (d) Percentage.
- 3 Horizontal analysis is done by analysing :
- (a) Financial statement of particular year.
(b) Half yearly statements.
(c) Financial statements of several years.
(d) None of the above.
- 4 ——— is a summary of all functional budgets in a capsule form.
- (a) Master budget. (b) Flexible budget.
(c) Sales budget. (d) Cash budget.
- II. 5 Cash flow statement is important for ———.
- (a) Long Term Financial Analysis. (b) Medium Term Financial Analysis.
(c) Short Term Financial Analysis. (d) Working Capital Analysis.
- 6 The flow of fund is said to have taken place when :
- (a) Cash is paid to creditors.
(b) Cash is received from debtors.
(c) Machinery is purchased for cash.
(d) All of the above.

Turn over

7 Current ratio is a :

- (a) Balance Sheet ratio.
- (b) Profit and Loss ratio.
- (c) Combined ratio.
- (d) None of the above.

8 As a general rule, quick ratio of ——— is considered to be satisfactory.

- (a) 1 : 1.
- (b) 2 : 1.
- (c) 3 : 1.
- (d) 1 : 5.

III. 9 Trend analysis is significant for :

- (a) Profit planning.
- (b) Working capital management.
- (c) Capital rationing.
- (d) Forecasting and budgeting.

10 The word "funds" in a funds flow statement would denote :

- (a) Net Current Assets.
- (b) Net Assets.
- (c) Current Assets.
- (d) Current Liabilities.

11 Stock turnover ratio is a :

- (a) Profitability ratio.
- (b) Insolvency ratio.
- (c) Activity ratio.
- (d) Total Investment ratio.

12 Which of the following ratios indicates the short term solvency of a firm ?

- (a) Profit to capital.
- (b) Gross profit to sales.
- (c) Current assets to current liabilities.
- (d) Current assets to fixed assets.

IV. 13 Net worth of a business means :

- (a) Equity capital.
- (b) Total assets.
- (c) Total assets minus total liabilities.
- (d) Fixed assets minus current assets.

14 The relationship between outsiders funds and shareholders fund is measured by ———.

- (a) Debt-Equity Ratio.
- (b) Gross Profit Ratio.
- (c) Turnover Ratio.
- (d) Fixed Assets Ratio.

15 A flexible budget is :

- (a) Budget for different capacity levels.
- (b) Budget for different departments.
- (c) Budget for receipts and payments.
- (d) None of these.

16 Working capital includes :

- (a) Cash. (b) Debtors or receivables.
(c) Inventories. (d) All the above.

(4 × 1 = 4)

Part B (Short Answer Type)

Answer any five questions.

Each question carries a weight of 1.

- 17 What is a common size statement ?
18 What is budget manual ?
19 What is a Flow Statement ?
20 What do you mean by EPS ?
21 Explain Debtors Turnover Ratio.
22 Mention the objectives of Financial Analysis.
23 Explain the term "Budget Key Factor".
24 State any two limitations of Management Accounting.

(5 × 1 = 5)

Part C (Short Essay/Problem Solving Type)

Answer any four questions.

Each question carries a weight of 2.

- 25 Discuss the difference between Management Accounting and Financial Accounting.
26 Write briefly about the significance of the following ratios : (a) Gross Profit Ratio and (b) Net Profit Ratio.
27 Write a note on Comparative Financial Statements Analysis.
28 The expenses budgeted for production of 10,000 units in a factory are furnished below :

	Per unit
	Rs.
Materials	... 70
Labour	... 25
Variable Overheads	... 20
Fixed Overheads (Rs. 1,00,000)	... 10
Variable Expenses (direct)	... 5
Selling expenses (10 % fixed)	... 13
Administrative expenses (Rs. 50,000)	... 5
Distribution expenses (20 % fixed)	... 7
	<u>155</u>

Turn over

Prepare a budget for the production of 8,000 units. Assume that administrative expenses are rigid for all levels of production.

29 From the following particulars find out :

- (i) Current Assets ;
- (ii) Current liabilities ;
- (iii) Liquid assets ; and
- (iv) Stock

Current ratio 2.5

Liquid ratio 1.5

Working capital Rs. 60,000

30 Explain the technique of preparing a Cash Flow Statement with imaginary figures.

(4 × 2 = 8)

Part D (Essay Type)

Answer any two questions.

Each question carries a weight of 4.

- 31 What is a Fund Flow Statement ? Examine its managerial uses.
- 32 What is Ratio Analysis ? Discuss its utilities and limitations.
- 33 What are the advantages and disadvantages of budgetary control ?

(2 × 4 = 8)