

E 6376

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Reg. No.....

Name.....

B.B.A. DEGREE (C.B.C.S.S.) EXAMINATION, OCTOBER 2013

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.

I. 1 Basic objective of Management Accounts is :

- (a) To ascertain profit or loss.
- (b) To settle disputes between management and workers.
- (c) To report to different levels of management on performance.
- (d) None of these.

2 Financial Statements are meaningful and useful only when they are :

- (a) Verified.
- (b) Presented to owners.
- (c) Analysed and interpreted.
- (d) Published.

3 Vertical analysis is made on the basis of :

- (a) Single set of financial statements.
- (b) Multiple sets of financial statements.
- (c) Different schedules attached of Financial Statements.
- (d) None of these.

4 Horizontal analysis is also known as :

- (a) Dynamic analysis.
- (b) Structural analysis.
- (c) Static analysis.
- (d) None of these.

II. 5 Current ratio indicates :

- (a) Ability to meet short-term obligations.
- (b) Efficiency of management.
- (c) Profitability.
- (d) None of these.

6 Gross working capital is the :

- (a) Total value of current assets.
- (b) Total value of fixed assets.
- (c) Total value of all assets.
- (d) All of the above.

Turn over

- 7 Activity Ratios help the management in :
- (a) Managing the resources.
 - (b) Planning the finance.
 - (c) Evaluating the performance.
 - (d) All the above.
- 8 Long-term solvency is indicated by :
- (a) Rate of Return.
 - (b) Liquid Ratio.
 - (c) Debt-Equity ratio.
 - (d) Capital-gearing ratio.
- III. 9 The difference in fixed and variable cost has a special significance in preparation of :
- (a) Cash Budget.
 - (b) Static Budget.
 - (c) Flexible Budget.
 - (d) Budget Manual.
- 10 The budget which usually takes the form of budgeted Profit and Loss Account and Balance Sheet is known as :
- (a) Cash Budget.
 - (b) Master Budget.
 - (c) Flexible Budget.
 - (d) Capital Budget.
- 11 Common size income statements present the various items as a percentage of :
- (a) Purchases.
 - (b) Sales.
 - (c) Assets.
 - (d) Liabilities.
- 12 Sale of investments indicate :
- (a) Source of funds.
 - (b) Application of funds.
 - (c) Change in current assets.
 - (d) Fund from operation.
- IV. 13 Cash Budget is a ——— term budget.
- (a) Short.
 - (b) Long.
 - (c) Medium.
 - (d) All the above.
- 14 Funds from operations is :
- (a) Gross Profit.
 - (b) Net Profit.
 - (c) Operating Profit.
 - (d) None of the above.
- 15 When all transactions are cash transactions what will be cash from operations ?
- (a) Gross Profit.
 - (b) Net Profit.
 - (c) Cash balance in hand.
 - (d) None of the above.
- 16 Budgeting is :
- (a) A technique.
 - (b) A method of costing.
 - (c) Maintaining ledger accounts.
 - (d) None of the above.

(4 × 1 = 4)

Part B*Answer any five questions.**Each question carries a weight of 1.*

- 17 What is trend analysis ?
- 18 What is acid-test ratio ?
- 19 What is inventory turnover ratio ?
- 20 Explain the term "Budget".
- 21 What is Cash Flow Statement ?
- 22 Explain the terms "Current Assets" and "Current Liabilities".
- 23 What do you understand by Budget Key Factor ?
- 24 What is EPS ?

 $(5 \times 1 = 5)$ **Part C (Short Essay/Problem Solving Type)***Answer any four questions.**Each question carries a weight of 2.*

- 25 What is budgetary control ? Discuss its benefits.
- 26 What are the essential points of a good Financial Statement ?
- 27 What are the limitations of Management Accounting ?
- 28 From the following information, prepare a statement of sources and application of funds for the year ended 31-03-2008 :—
 - (a) Increase in working capital during the year Rs. 4,000.
 - (b) Net profit for the year ending 31-03-2008 Rs. 10,750.
 - (c) Depreciation of fixed assets charged to Profit and Loss Account Rs. 1,750.
 - (d) Dividend paid in 2007-2008 Rs. 3,500.
 - (e) Rs. 10,000 share capital was issued in payment of debentures and Rs. 5,000 share capital was issued for cash.
 - (f) Machinery was purchased for Rs. 30,000 in exchange for investment Rs. 5,000, loan on mortgage Rs. 15,000 and cash Rs. 10,000.
- 29 HK Bros purchase goods both on cash and credit terms. The following particulars are obtained from the books :

	Rs.
Total purchases	... 2,00,000
Cash purchases	... 20,000
Purchase Returns	... 34,000
Creditors at the end	... 70,000
Bills payable at the end	... 40,000
Reserve for Discount on Creditors	... 5,000

Calculate Average Payment Period.

- 30 What is ratio analysis ? Discuss its limitations.

 $(4 \times 2 = 8)$ **Turn over**

Part D (Essay Type)

Answer any two questions.

Each question carries a weight of 4.

- 31 Define Management Accounting. How does it differ from Financial Accounting ? Explain the utility of Management Accounting in Business Management.
- 32 Explain the meaning, importance and objectives of Fund Flow Statement.
- 33 What do you understand by the analysis and interpretation of financial statements ? Discuss their utility and significance to the management and others who are interested in the business.

(2 × 4 = 8)