

B.B.A. DEGREE (C.B.C.S.S.) EXAMINATION, OCTOBER 2015**Fifth Semester****Core Course—MANAGEMENT ACCOUNTING**

(Prior to 2013 Admissions)

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 Trend analysis is significant for :
- (a) Profit Planning.
 - (b) Working Capital Management.
 - (c) Capital Rationing.
 - (d) Forecasting and budgeting.
- 3 Current Assets include :
- (a) Bills Receivable.
 - (b) Bills Payable.
 - (c) Machinery.
 - (d) Good will.
- 4 The term "Fund" refers to :
- (a) Reserves.
 - (b) Working Capital.
 - (c) Profits.
 - (d) None of these.
- II. 5 _____ is a summary of all functional budgets in a capsule form.
- (a) Master Budget.
 - (b) Flexible Budget.
 - (c) Sales Budget.
 - (d) Cash Budget.
- 6 Management accounting helps management in :
- (a) Preparation of final accounts.
 - (b) Raising Finance.
 - (c) Filing Tax Returns.
 - (d) Decision Making.

Turn over

7 The stock turnover ratio is :

- (a) Financial ratio.
- (b) Activity ratio.
- (c) Solvency ratio.
- (d) Profitability ratio.

8 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 these.

III. 9 Funds from operations is :

- (a) Gross Profit.
- (b) Net Profit.
- (c) Operating Profit.
- (d) None of these.

10 A document which covers in detail all aspects of budgeting and its administration is called _____.

- (a) Budget.
- (b) Budgetary Control.
- (c) Budget Manual.
- (d) None of these.

11 100 % statements are also known as _____.

- (a) Comparative statements.
- (b) Common size statements.
- (c) Ratio analysis.
- (d) All of these.

12 Which one of the following is not a tool of management accounting :

- (a) Standard costing.
- (b) Budgetary control.
- (c) Marginal costing.
- (d) Batch costing.

IV. 13 Which of the following ratio is the indicator of the long term solvency of the firm ?

- (a) Current Ratio.
- (b) Acid test ratio.
- (c) Debt-Equity Ratio.
- (d) Time interest earned ratio.

14 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.

15 Cash budget is a _____ term budget.

- (a) Short.
- (b) Long.
- (c) Medium.
- (d) All the above.

16 Vertical Analysis is also known as ———.

- (a) Dynamic analysis. (b) Static analysis.
(c) Ratio analysis. (d) Trend analysis.

(4 × 1 = 4)

Part B (Short Answer Type)

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

- 17 What is Management Accounting ?
18 What do you mean by Comparative Balance Sheet ?
19 What is debt-equity ratio ?
20 What is a Fund Flow Statement ?
21 Define Budget.
22 Explain the term "Budget Key Factor".
23 What is Zero Based Budgeting ?
24 Explain Current Ratio.

(5 × 1 = 5)

Part C (Short Essay/Problem Solving Type)

*Answer any four questions.
Each question carries a weight of 2.*

- 25 The net profits after providing for income-tax Rs. 3,30,000 of HK Ltd. for the year ending 31st March 2013 amounts to Rs. 4,00,000. The figure of the net profit has been arrived at after taking into account the following items :

	Rs.	Rs.
(a) Depreciation provided on :		
Plant and Machinery	... 30,000	
Furniture and Fixtures	... 15,000	
Motor Vans	... <u>20,000</u>	65,000
(b) Preliminary expenses written off	...	3,000
(c) Bad debts	...	1,000
(d) Loss on sale of furniture	...	1,500
(e) Discount allowed to customers	...	19,000
(f) Discount on issue of Debentures written off	...	4,000
(g) Profit on sale of long-term investments	...	5,000
(h) Discount received from trade creditors	...	14,000

Calculate Funds from operations.

Turn over

- 26 Following are the ratios relating to the trading activities of an organisation :

Debtors Velocity	...	3 months
Stock Velocity	...	6 months
Creditors Velocity	...	2 months
Gross Profit Ratio	...	20 %

Gross profit for the year ended 31st March, 2013 was Rs. 5,00,000. Stock as on 31st March, 2013 was Rs. 20,000 more than it was on 1st April, 2012. Bills payable and bills receivables were Rs. 36,667 and Rs. 60,000 respectively.

You are to ascertain the figures of :

(i) Sales ; (ii) Debtors ; (iii) Creditors ; and (iv) Stock.

- 27 Explain Fixed budget and Flexible budget.
28 What are the managerial uses of fund flow statement ?
29 Explain the various types of Financial Analysis.
30 Distinguish between Financial Accounting and Management Accounting.

(4 × 2 = 8)

Part D (Essay Type)

Answer any two questions.

Each question carries a weight of 4.

- 31 What is Cash Flow Statement ? Discuss its uses and limitations.
32 What is meant by Budgetary control ? Explain its advantages and disadvantages.
33 What is Ratio Analysis ? Discuss its importance and limitations.

(2 × 4 = 8)