



SS – 573

V Semester B.B.M. Degree Examination, November/December 2018
(2014-15 and Onwards) (Repeaters)
BUSINESS MANAGEMENT
Paper – 5.5 : Management Accounting

Time : 3 Hours

Max. Marks : 100

- Instructions :** 1) Answers should be written in **English only**.
2) Working notes should be given **wherever necessary**.

SECTION – A

1. Answer **any eight** of the following sub-questions. **Each** sub-question carries 2 marks. (8×2=16)
- State any two differences between Cost Accounting and Management Accounting.
 - What is P/V ratio ?
 - List out any two cash flows from operating activities.
 - What is a financial statement ?
 - Give any two advantages of ratio analysis.
 - Name any four techniques of Management Accounting.
 - State any two applications of funds.
 - What is cash budget ?
 - What do you mean by operating profit ?
 - What do you mean by trend percentage analysis ?

SECTION – B

Answer **any three** of the following questions. **Each** question carries 8 marks.

- (3×8=24)
- Briefly explain the objectives of Management Accounting.
 - Discuss the limitations of ratio analysis.

P.T.O.



4. From the following compute :

- Current ratio
- Quick ratio
- Absolute liquid ratio.

	₹
Stock in trade	10,000
Debtors	8,000
Cash in hand	4,000
Bills receivable	4,500
Creditors	6,000
Bills payable	1,000
Prepaid expenses	500

5. State whether the following transactions increase or decrease or do not affect the working capital and give reasons.

- Issue of equity shares of ₹ 5,00,000 for cash.
- Redemption of debentures worth ₹ 2,00,000.
- Furniture sold for ₹ 50,000.
- Amount received from debtors ₹ 10,000.

SECTION – C

Answer question no. 10 and **any three** questions of the remaining. **Each** question carries **15** marks. **(4×15=60)**

6. The following information relating to HBM Ltd. is given for the year 2017.

- Current ratio 2.5
- Liquid ratio 1.5
- Stock turnover ratio (COGS/Closing stock) 6 times
- Gross profit ratio 20% on sales
- Fixed Assets to turnover 2 times
- Average debt collection period 2 months
- Fixed Assets to shareholders network 1 : 1
- Long term liabilities to shareholders network 0.4
- Net working capital ₹ 4,50,000
- Reserves : Share capital 0.5 : 1

Draw up a Balance Sheet from the above data.



7. The following are the Balance Sheets of SP Ltd. for the years ended 31-3-2016 and 31-3-2017.

Liabilities	2016	2017	Assets	2016	2017
	(₹)	(₹)		(₹)	(₹)
Equity capital	1,00,000	1,65,000	Fixed Assets	1,20,000	1,75,000
Preference			Inventory	20,000	25,000
Share capital	50,000	75,000	Debtors	50,000	62,500
Reserves	17,500	25,000	Bills Receivables	10,000	30,000
Overdraft	25,000	25,000	Prepaid expenses	5,000	6,000
Creditors	20,000	25,000	Cash in Bank	20,000	26,500
Provision for tax	17,500	25,000	Cash in hand	5,000	15,000
	2,30,000	3,40,000		2,30,000	3,40,000

Prepare a Comparative Balance Sheet and comment on the financial position of the company.

8. The Balance Sheets of CSK Ltd. as on 31-12-2016 and 31-12-2017 are as follows :

Liabilities	2016	2017	Assets	2016	2017
	(₹)	(₹)		(₹)	(₹)
Equity share capital	90,000	1,30,000	Fixed assets	93,400	1,66,000
General reserves	10,000	15,000	Stock	22,000	26,000
Profit and Loss A/c	20,000	30,000	Debtors	36,000	39,000
10% Debentures	–	20,000	Bank	4,000	5,000
Creditors	37,400	42,000	Preliminary expenses	2,000	1,000
	1,57,400	2,37,000		1,57,400	2,37,000

Additional Information :

1) Depreciation written off on fixed assets was ₹ 23,400.

2) Dividend of ₹ 20,000 was paid on equity capital.

Prepare a schedule of changes in working capital and a Funds Flow Statement.



9. The following are the Balance Sheets for the year 2016 and 2017.

Liabilities	2016	2017	Assets	2016	2017
	(₹)	(₹)		(₹)	(₹)
Equity share capital	3,00,000	4,00,000	Goodwill	1,15,000	99,000
Redeemable preference share capital	1,50,000	1,00,000	Land and building	2,00,000	1,70,000
General Reserve	40,000	70,000	Plant	80,000	2,00,000
Profit and Loss A/c	30,000	48,000	Debtors	1,60,000	2,00,000
Proposed dividend	42,000	50,000	Stock	77,000	1,00,000
Creditors	55,000	83,000	Bills receivable	20,000	30,000
Bills payable	20,000	16,000	Cash in hand	15,000	10,000
Provision for tax	40,000	50,000	Cash at bank	10,000	8,000
	6,77,000	8,17,000		6,77,000	8,17,000

Additional Information :

- Depreciation of ₹ 20,000 on land and building and ₹ 10,000 on plant has been charged in 2017.
- Income tax ₹ 35,000 has been paid during the year 2017.
- Interim dividend of ₹ 20,000 has been paid during 2017.

Prepare Cash Flow Statement for the year 2017.

10. From the following information prepare Cash Budget for 3 months commencing from 01-6-2017.

Months	Sales	Purchases	Wages	Manufacturing Expenses	Selling Expenses
	(₹)	(₹)	(₹)	(₹)	(₹)
April	45,000	25,000	2,500	5,000	2,000
May	50,000	30,000	3,000	6,000	2,400
June	60,000	25,000	2,500	5,500	2,500
July	70,000	35,000	3,500	7,000	2,600
August	80,000	45,000	4,500	7,500	3,500

Other Information :

Customers are allowed one month credit and suppliers allow 2 months time for payment towards purchases.