



V Semester B.B.M. Examination, November/December 2015  
(Semester Scheme) (2014-15 & Onwards) (F+R)  
Business Management  
Paper – 5.5 : MANAGEMENT ACCOUNTING

Time : 3 Hours

Max. Marks : 100

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

SECTION – A

Answer **any eight** of the following sub-questions. **Each** sub-question carries **2** marks.  
(8×2=16)

1. a) Name the principal tools of Financial analysis.
- b) State any 4 assumptions underlying Break-Even Analysis.
- c) Give the meaning of Break-Even Point.
- d) State the 4 rules to be remembered while preparing a statement of changes in working capital.
- e) List out any 4 cash flows from Investing activities.
- f) State any 3 methods of preparing a cash budget.
- g) Define Master Budget.
- h) List out any 4 turnover ratios.
- i) Given G/P ratio 25% on sales. Amount of sales for the year Rs. 6,00,000/-. OP. Stock is Rs. 75,000/- and closing stock is Rs. 1,25,000/-. Calculate stock turnover ratio.
- j) State the significance of Current ratio.

SECTION – B

Answer **any three** of the following. **Each** question carries **eight** marks. (8×3=24)

2. Distinguish between Financial Accounting and Management Accounting.
3. Briefly explain the advantages of Ratio Analysis.

P.T.O.



4. From the following Income Statement of Crane Infrastructure Limited. Prepare a statement showing computation of funds from operations for the year ended 31-3-14.

Particulars	Amount Rs.	Particulars	Amount Rs.
To Salaries	1,25,000	By Gross Profit b/d	5,25,000
To Rent, rates, taxes	75,000	By Profit on sale of	
To Bad debts	6,000	Fixed Assets	10,000
To Printing & Stationery	8,000	By Refund of Tax	3,000
To Depreciation	20,000	By Bad debts recovered	2,000
To Loss by fire	5,000		
To G/W written off	10,000		
To Provision for Tax	6,500		
To T/S to General Res.	1,00,000		
To Preliminary expenses	10,000		
To Interim Dividend	12,500		
To Patents Written off	10,000		
To Premium on redemption of Debentures	4,000		
To Net-Profit (Bal. Fig.)	1,48,000		
	<b>5,40,000</b>		<b>5,40,000</b>

5. Calculate the following ratios from the given Balance Sheet.
- Current ratio
  - Liquid ratio
  - Debt-Equity ratio
  - Return on capital employed

**Balance Sheet of GBS Ltd. As on 31-3-2015**

Liabilities	Amount Rs.	Assets	Amount Rs.
<u>Share Capital</u>		Land	40,000
6000 Equity shares of Rs. 10/- each fully paid	60,000	Building	20,000
General Reserve	35,000	Patents	27,500
Dividend Equalisation reserve	5,000	Cash and Bank	12,000
Long Term Loans	20,000	Debtors	25,000
<u>P and L A/c</u> <b>Rs.</b>		Stock	30,000
Opening balance	1,000	B/R	13,500
Profit for the year	<u>20,000</u>	Preliminary expenses	8,000
Bills Payable	30,000		
Provision for Tax	5,000		
	<b>1,76,000</b>		<b>1,76,000</b>



## 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 MMR Ltd. is given for the year 31-3-2015.
- Current Ratio 2.5
  - Liquid Ratio 1.5
  - Stock turnover ratio (COGS/Closing Stock) 6 times.
  - G/P ratio 20% on sales.
  - Fixed Assets to turnover 2 times.
  - Average debt collection period 2 months.
  - Fixed Assets to shareholders Networth 1:1.
  - Long Term Liabilities to Shareholders Net Worth 0.4.
  - Net working capital Rs. 4,50,000/-
  - Reserves : Share Capital 0.5 : 1

Draw up a B/S from the above data.

7. From the following Balance Sheets of Vijay Co., and Ajay Co., as on 31-3-14. You are required to prepare a common size B/S and comment.

Liabilities	Vijay Co.	Ajay Co.	Assets	Vijay Co.	Ajay Co.
Eq. Sh. Capital	2,00,000	1,00,000	Land and Building	2,00,000	1,00,000
G/R	50,000	20,000	Plant and M/C	1,50,000	50,000
P and L A/c	1,00,000	1,00,000	Debtors	1,00,000	80,000
Long Term loans	3,00,000	1,80,000	Stock	1,60,000	60,000
Creditors	60,000	30,000	B/R	80,000	70,000
B/P	40,000	20,000	Bank balance	60,000	90,000
O/S Exps.	80,000	60,000	Cash in hand	80,000	60,000
	<b>8,30,000</b>	<b>5,10,000</b>		<b>8,30,000</b>	<b>5,10,000</b>

8. Following is the Balance Sheet of Mr. Mahesh as on 1-1-14 and 31-12-14.

Liabilities	1-1-14	31-12-14	Assets	1-1-14	31-12-14
	Rs.	Rs.		Rs.	Rs.
Capital	2,50,000	3,06,000	Cash	20,000	14,000
Mr. Mahesh's Loan	50,000	-	Debtors	60,000	1,00,000



Loan from Bank	80,000	1,00,000	Stock	70,000	50,000
Creditors	80,000	88,000	Land	80,000	1,00,000
			Building	70,000	1,20,000
			Machinery	1,60,000	1,10,000
	<b>4,60,000</b>	<b>4,94,000</b>		<b>4,60,000</b>	<b>4,94,000</b>

During the year machine costing Rs. 20,000/- (Accumulated Depreciation Rs. 6,000/-) was sold for Rs. 10,000/-. The provision for depreciation against machinery as on 1-1-14 and 31-12-14 were of Rs. 50,000/- and of Rs. 80,000/- respectively. Net-profit for the year amounted to Rs. 90,000/-

You are required to prepare a cash flow statement as per As-3 (Indirect method).

9. Given below are the sales and profit of XYZ Ltd. for the year 2013 and 2014.

Year	2013	2014
Sales (in Rs.)	2,00,000	2,40,000
Profit (in Rs.)	60,000	76,000

You are required to calculate

- a) P/V ratio                      b) Fixed cost                      c) BEP  
 d) Sales to earn a profit of Rs. 80,000/-                      e) Variable cost of two years.
10. From the following information relating to L.J. (P) Ltd. Prepare a cash budget for the three months commencing from 1-6-15 when bank balance was Rs. 1,50,000/-.

Months	Sales Rs.	Purchases Rs.	Wages Rs.	Mfg exps. Rs.	Selling exps. Rs.
April	90,000	50,000	5,000	10,000	4,000
May	1,00,000	60,000	6,000	12,000	4,800
June	1,20,000	55,000	5,500	11,000	5,000
July	1,40,000	70,000	7,000	14,000	5,600
August	1,60,000	85,000	8,500	16,000	6,800

**Other information :**

- Customers are allowed 2 months credit and suppliers also allow 2 months time for payment towards purchases.
- Delay in payment of wages, manufacturing exps. and selling exps. is one month.