

**FIFTH SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2018**

(CUCBCSS—UG)

Core Course

BCM 5B 07—ACCOUNTING FOR MANAGEMENT

Time : Three Hours

Maximum : 80 Marks

Part A**A. Fill in the blanks :**

- ✓ The _____ Management is mainly concerned with the policy decisions.
- 2 _____ is the amount of expenditure incurred on or attributable to a given thing.
- 3 The analysis done by investors, credit agencies, government agencies and other creditors who have no access to the internal records of a company is known as _____.
- ✓ _____ analysis is useful in comparing performance of several companies in the same group, or division or department of the same company.
- ✓ Ratio of Net Sales to Net Working Capital is a _____.

B. Multiple Choice :

- ✓ Ratio of net profit before interest and tax to sales is _____.
- (a) Operating profit ratio. (b) Operating ratio.
(c) Capital gearing. (d) Quick ratio.
- ✓ Which one of the following is a source of fund ?
- (a) Issue of shares in consideration of machinery purchased.
(b) Issue of bonus shares.
(c) Issue of right shares.
(d) Issue of shares for cash.
- ✓ _____ liabilities are those which are intended to be paid in the ordinary course of business within a short period.
- (a) Current. (b) Non-current.
(c) Long term. (d) Fixed.
- ✓ When fixed cost is deducted from contribution, the balance will be _____.
- (a) Variable cost. (b) Profit.
(c) Total cost. (d) Sales.

Turn over

10 _____ is the angle caused by intersection of total cost line and total sales line.

- (a) Angle of contribution. (b) Angle of incidence.
(c) Angle of elevation. (d) Angle of coincidence.

(10 × 1 = 10 marks)

Part B

Answer any **eight** questions.

Each question carries 2 marks.

- 11 What is Income Statement ?
- 12 Explain Current ratio.
- 13 What is Contribution ?
- 14 Give the formula for Composite P/V.
- 15 Give two instances of marginal costing used in decision-making.
- 16 Equity Capital = 1,50,000 ; Preference Capital = 20,000 ; Reserves = 25,000 ; Profit and Loss Account = 20,000 ; Fixed Assets = 1,50,000 ; Find out Fixed assets to shareholders fund ratio.
- 17 Calculate P/V ratio from the following data :
Selling price per unit Rs. 10, Variable cost per unit Rs. 6 and Fixed Costs Rs. 12,000 (including rent and rates of Rs. 1,000).
- 18 Calculate Cash Break-even point for the following :—
Selling price per unit—Rs. 30.
Variable cost per unit—Rs. 23.
Fixed cost is Rs. 20,000 including depreciation—500.
- 19 Calculate Capital Gearing Ratio :
Equity Share Capital 1,00,000 ; Preference Share Capital 25,000 ; Reserves and Surplus 30,000 ; Long Term Loans 25,000 ; 6 % Debentures 25,000.
- 20 Help Hari to arrive at the net profit from the following data preparing a single year Income Statement for 2016 :
Sales = 7,00,000.
Rent earned = 25,000.
Cost of Sales = 3,50,000.
Office and Administrative Expenses = 10,000.
Selling Expenses = 30,000.
Bank Interest = 25,000.

(8 × 2 = 16 marks)

Part C

Answer any **six** questions.

Each question carries 4 marks.

- 21 Write a note on CVP analysis.
- 22 Explain the features of Ratio Analysis.

- 23 X Ltd. has a current ratio of 3.5 : 1 and quick ratio of 2 : 1. If excess of current assets over quick assets represented by stock is Rs. 2,00,000. Calculate current assets and current liabilities.

- 24 Calculate trend from the following :

Year	Sales	Stock	Profit before Tax
2010 ...	3,762	1418	642
2011 ...	4,680	1562	870
2012 ...	5,310	1632	916
2013 ...	6,042	1888	1,054

(Take 2010 as base year)

- 25 Calculate :

- (a) Debtors Turnover ratio :

Credit sales 5,100 ; Return inwards 100 ; Debtors 300 ; Bills Receivables 100.

- (b) Average Collection Period Ratio from the above.

- 26 Cash - 20,000 :

Bills Receivables—10,000.

Sundry Debtors—50,000.

Stock—40,000.

Sundry Creditors—60,000.

Cost of sales—7,50,000.

Calculate Working Capital turnover ratio.

- 27 Calculate Cash from operation from the following :

	Rs.		Rs.
To opening stock	... 16,000	Sales	... 3,00,000
Purchases	... 1,40,000	Closing stock	... 20,000
Wages :		Dividend	... 5,000
✓Add : outstanding			
(20,000 + 4,000)	... 24,000		
Salaries			
✓Add : outstanding			
(18,000 + 2,000)	... 20,000		
Rent :			
✓Less ; Prepaid			
(12,000 - 2,000)	... 10,000		
Office Expenses	... 5,000		
✓ Depreciation	... 15,000		
Selling Expenses	... 3,000		
✓Loss on sale of asset	... 2,000		
✓Provision for tax	... 30,000		
Net Profit	... 60,000		

Turn over

28 Calculate Funds from Operation for the following data :

Profit and Loss Account for the year ended 31.3.2015

	Rs.		Rs.
Expenses	... 1,40,000	G/P	... 2,00,000
Advertisement (suspense)	... 5,000	Profit on machine sold	... 20,000
Discount	... 500		
Discount on share issued	... 500		
Loss on asset sale	... 10,000		
Goodwill	... 12,000		
N/P	... 52,000		
	... <u>2,20,000</u>		<u>2,20,000</u>

Note : The Expenses is inclusive of Depreciation of 40,000.

(6 × 4 = 24 marks)

Part D

Answer any two questions.

Each question carries 15 marks.

29 Prepare Funds Flow Statement for the year ended 31st December 2015 :

<i>Particulars</i>	January 1	December 31
Cash	... 2,000	1,800
B/R	... 17,500	19,200
Stock	... 12,500	11,000
Land	... 10,000	15,000
Building	... 25,000	27,500
Machinery	... 40,000	43,000
	... <u>1,07,000</u>	<u>1,17,500</u>
Creditors	... 18,000	20,500
Loan	... 15,000	22,500
Capital	... 74,500	74,500
	<u>1,07,000</u>	<u>1,17,500</u>

Adj : Drawings was Rs. 13,000. Provision for depreciation was 13,500 at the beginning. It went upto 18,000 at the end.

30 Calculate :

- Fixed Cost.
- Break-Even point.
- Units to be sold to earn Rs. 40,000.

Selling price is Rs. 100. The company for the two periods sells 7000 and 9000 units respectively. It incurs a loss of Rs. 10,000 and profit Rs. 10,000 respectively.

31 Write a note on the various tools and techniques of Financial Analysis.

(2 × 15 = 30 marks)