

FIFTH SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2011

Reg. No.....

(CCSS)

Core Course

BC 5B 07—ACCOUNTING FOR MANAGEMENT

Time : Three Hours

Maximum Weightage : 30

Objective Type Questions.
Answer all the questions.

I. Choose the correct answer :

1. Management accounting provides information required for :

- (a) Accounting purposes (b) Managerial purposes.
(c) Recording purpose. (d) Cost Accounting purpose.

2. The relation between quick asset to current liabilities :

- (a) Current ratio. (b) Acid test ratio.
(c) Absolute liquidity ratio. (d) Stock turnover ratio.

3. Net working capital :

- (a) Investment in Current Assets.
(b) Excess of Quick Assets over Current liabilities.
(c) Excess of Current Assets and Current liabilities.
(d) None of these.

4. Cash flow statement :

- (a) Source and Application of fund.
(b) Schedule of changes in working capital.
(c) Change in cash position.
(d) Inflow and outflow of funds.

II. Fill in the blanks :

5. Preparation of fund flow statement is _____.
6. Ratio shows the long term solvency is _____.
7. Fund flow statement is _____.
8. Responsibility accounting is a system of control of _____.

Answer in *one* word :

9. What is C.V.P. Analysis ?
10. What is Marginal Cost ?
11. What do you mean by Application of funds ?
12. What is Contribution ?

III. Short answer questions. Answer all *nine* questions.

13. Define Management Accounting ?
14. What is comparative statement ?
15. What is cash flow statement ?
16. What do you mean by Financial Statement Analysis ?
17. Calculate current ratio :

		Rs.
Current Assets	—	52,000
Fixed Assets	—	1,50,000
Current Liabilities	—	22,000
Fixed Liabilities	—	70,000

18. Determine the amount of variable cost from the following :

		Rs.
Sales	—	6,00,000
Fixed cost	—	1,00,000
Profit	—	60,000

19. Calculate P.V. ratio :

		Rs.
Contribution	—	80,000
Variable cost	—	1,20,000
Sales	—	2,00,000

20. Calculate B.E.P :

		Rs.
Fixed Cost	—	1,50,000
Fixed Expenses	—	45,000
P.V. ratio	—	50
Sales	—	1,50,000

		Rs.
21. Net profit	—	24,000
Net Sales	—	2,00,000

Calculate net profit ratio :

(9 × 1 = 9)

IV. Short essay or paragraph questions. Answer any *five* questions.

22. What are the difference between Financial Accounting and Management Accounting ?
23. Explain the importance of Ratio Analysis.
24. Calculate Stock Turnover Ratio from the following :

		Rs.
Opening stock	—	21,000
Closing stock	—	29,000
Purchases	—	1,00,000
Wages	—	10,000

25. From the following Balance sheet for the year ending 31st December, 2002 and 2003 prepare a schedule of changes in working capital.

	Liabilities		Assets			
	2002	2003		2002	2003	
	Rs.	Rs.		Rs.	Rs.	
Share Capital	4,00,000	5,75,000		Land and Building	75,000	1,00,000
Creditors	1,06,000	70,000	Stock	1,21,000	1,36,000	
Profit and Loss Account	14,000	31,000	Debtors	1,81,000	1,70,000	
			Cash	1,43,000	2,70,000	
	5,20,000	6,76,000		5,20,000	6,76,000	

26. From the following information ascertain by how much the value of sales must be increased by the company to break even :

		Rs.
Sales	—	3,00,000
Fixed cost	—	1,50,000
Variables cost	—	2,00,000

27. From the following draw up a break even chart to find out the break even point :

Sales 1000 units	—	Rs.20
Variable cost	—	12 per unit
Fixed cost	—	Rs.4,000

28. What are the advantages of Marginal costing ?

(5 × 2 = 10)

- V. Essay questions. Answer any *two* questions :
29. What are Responsibility Accounting ? Mention the advantages and disadvantages of Responsibility Accounting.
30. From the following summary cash account of X Limited, prepare cash flow statement for the year ended 31st March 2003 using the Direct Method. The company does not have any non-current assets or liabilities.

Summary of Cash Account for the year ended 31-3-2003

	Rs.		
Balance on 1-4-2000	500	Payment to supplier	20,000
Issue of Equity shares	3,000	Purchase of fixed assets	2,000
Receipt from customers	28,000	Overhead expenses	2,000
Sale of fixed Assets	1,000	Wages and Salaries	1,000
		Taxation	2,500
		Dividend	500
		Repayment of Bank loans	3,000
		Balance on 31-3-2001	1,000
	32,500		32,500

31. With the following ratios and further information given below, prepare a Profit and Loss Account and a Balance Sheet of Mr. P.

- | | | |
|--------------------------------------|---|---------------|
| 1. Gross profit Ratio | — | 25% |
| 2. Net profit / Sales | — | 20% |
| 3. Stock Turn Over Ratio | — | 10 |
| 4. Net profit / Capital | — | $\frac{1}{5}$ |
| 5. Capital to total liabilities | — | $\frac{1}{2}$ |
| 6. Fixed Assets/Capital | — | $\frac{5}{4}$ |
| 7. Fixed Assets/Total current Assets | — | $\frac{5}{7}$ |
| 8. Fixed Assets | — | Rs. 10,00,000 |
| 9. Closing Stock | — | Rs. 1,00,000 |