



FIFTH SEMESTER B.Com./B.B.A. DEGREE (UG—CCSS) EXAMINATION
NOVEMBER 2015

(SDE)

Core Course

COMMERCE
FACTORY

BC 5B 07/BB VB 07—ACCOUNTING FOR MANAGEMENT

Time : Two Hours and Forty-Five Minutes

Maximum : 27 Weightage

Part B

Answers should be written only in **English**.

SECTION A

Answer all **nine** questions in one **or** two sentences each.
Each question carries a weightage of 1.

1. What is horizontal analysis ? ✓
2. What is CVP analysis ?
3. What is P/V ratio ?
4. What is marginal costing ?
5. What do you mean by EPS ?
6. Mention any *four* Applications of Fund.
7. What do you understand by Comparative Financial Statement ? ✓
8. What is management accounting ? ✓
9. What is responsibility accounting ? ✓

(9 × 1 = 9 weightage)

SECTION B

Answer any **five** questions in not more than **one page** each.
Each question carries a weightage of 2.

10. What are the functions of Management Accounting ? ✓
11. What is ratio analysis ? State the importance of ratio analysis.
12. What is Cash flow statement ? Distinguish it from Fund flow statement. ✓

Turn over

13. The balance sheet of AB Ltd. as on 31/12/2014 is given below :—

<i>Liability</i>	<i>Amount</i>	<i>Asset</i>	<i>Amount</i>
Equity capital	1,00,000	Fixed assets	1,50,000
9 % preference share capital	50,000	Stock	25,000
8 % debentures	50,000	Debtors	55,000
Retained earnings	20,000	B/R	3,000
Creditors	45,000	Bank	2,000
	<u>2,65,000</u>		<u>2,65,000</u>

By calculating appropriate ratios, comment on the financial position of the company.

14. The following relate to a concern for a particular period :

Sales 10,000 units at Rs. 40 each, Variable cost Rs. 20 per unit and Fixed cost Rs 1, 00,000

calculate : (i) P/V ratio ; (ii) Break-even sales ; and (iii) Margin of safety.

15. Calculate Funds from operations from the information given below as on 31st March 2008.

(a) Net profit for the year ended 31st March 2008 Rs. 6,50,000.

(b) Gain on the sale of building Rs. 35,500.

(c) Goodwill appears in the books at Rs. 1, 80,000 out of that 10 % has been written off during the year.

(d) Old machinery worth Rs. 8,000 has been sold for Rs. 6,500 during the year.

(e) Rs. 1,25,000 have been transferred to the General Reserve Fund.

(f) Depreciation has been provided during the year on Machinery and Furniture at 20 % whose total cost is Rs. 6, 50,000.

6. From the following information, estimate net cash from operating activities for the year 2003.

Rs.

Net profit before tax	...	55,000
Income tax paid	...	22,000
Depreciation written off on fixed assets	...	2,500
Profit on sale of land	...	5,000

	Rs.
Interest on debentures paid	... 1,500
Dividend received	... 1,000
Proceeds from earthquake disaster settlement	... 2,000
Increase in the amount of stock	... 750
Decrease in debtors	... 300
Decrease in creditors	... 250

(5 × 2 = 10 weightage)

SECTION C

*Answer any two questions.
Each question carries a weightage of 4.*

17. From the following information, prepare a summarized Balance Sheet as on 31-12-2013.

- (a) Working capital Rs. 2,40,000.
- (b) Reserves and surplus Rs. 1,60,000.
- (c) Bank overdraft Rs. 40,000.
- (d) Proprietary ratio- 0.75 (Fixed assets: Shareholders fund).
- (e) Current ratio 2.5 times.
- (f) Liquid Ratio 1.5 times.

18. From the following data of Swadeshi Ltd, Prepare fund flow statement for the year ended 31st December, 2011

<i>Liabilities</i>	31/12/2010	31/12/2011	<i>Assets</i>	31/12/2010	31/12/2011
Share Capital	30,000	36,000	Goodwill	6,000	5,000
Reserves and Surplus	14,000	19,000	Machinery	25,000	20,000
Debentures	5,000		Stock	12,000	18,000
Creditors	11,000	9,000	Debtors	15,000	19,000
Unclaimed Dividend		1,000	Cash	2,000	3,000
	60,000	65,000		60,000	65,000

Turn over

On 1st January, 2011

- (i) Machinery for Rs. 3,000, stock worth Rs. 1,000 and goodwill worth Rs. 2,000 were acquired by issue of shares ; and
- (ii) Machinery of the book value of Rs. 6,000 was sold for Rs. 6,500.

On 31st December, 2011, the debentures were redeemed for Rs. 4,900 and the shareholders were paid Rs. 2, 500 cash dividend.

19. Discuss the scope of management accounting. How does it differ from financial Accounting and cost accounting ?

(2 × 4 = 8 weightage)

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(Pages : 4 + 4 = 8)

Name..... 0145

Reg. No.....

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Core Course

BC 5B 07/BB VB 07—ACCOUNTING FOR MANAGEMENT

Part A

	DD	MM	YEAR		
Date of Examination :	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	FN/AN
Time : 15 Minutes	Total No. of Questions ; 20				

INSTRUCTIONS TO THE CANDIDATE

1. This Question Paper carries Multiple Choice Questions from 1 to 20.
2. Immediately after the commencement of the examination, the candidate should check that the question paper supplied to him/her contains all the 20 questions in serial order.
3. Write the Name, Register Number and the Date of Examination in the space provided.
4. Each question is provided with choices (A), (B), (C) and (D) having one correct answer. Choose the correct answer and enter it in the main answer book.
5. **Candidate should handover this Question paper to the invigilator after 15 minutes and before receiving the question paper for Part B Examination.**

BC 5B 07/BB VB 07—ACCOUNTING FOR MANAGEMENT

Part A

Multiple Choice Questions :

1. Which of the following best describes a fixed cost ?
 - (A) Remains constant irrespective of the level of activity.
 - (B) Represents a fixed proportion of total costs.
 - (C) Increases proportionately with output.
 - (D) Has a direct relationship with output.
2. Direct labour costs will include :
 - (A) All labour costs attributable to product.
 - (B) Direct labour costs plus any bonuses.
 - (C) Total direct labour hours at the normal hourly rate of pay.
 - (D) Direct labour costs plus any bonuses and overtime premium.
3. Which *one* of the following is not a recognised cost classification ?
 - (A) Time.
 - (B) Function.
 - (C) Performance.
 - (D) Type.
4. Which of the following is not true ?
 - (A) Managerial accounting information is prepared for internal users.
 - (B) Managerial accounting information is not required by various laws.
 - (C) There are specific standards of acceptability for managerial accounting.
 - (D) The structure of managerial accounting practice is relatively flexible.
5. Which of the following are basic inventories for a manufacturer ?
 - (A) Indirect materials, goods in process and raw materials.
 - (B) Finished goods, raw materials and direct materials.
 - (C) Raw materials, goods in process and finished goods.
 - (D) Raw materials, factory overhead and direct labour.

6. Profit Volume ratio is the ratio of _____ to sales.
- (A) Contribution. ✓ (B) Profit.
(C) Sales. (D) None of these.
7. The ratio of contribution to _____ is called P/V ratio.
- (A) Volume. (B) Sales.
(C) Profit. (D) None of these. ✓
8. When sales are Rs. 30,000 and P/V ratio is 20 % then contribution will be _____.
- (A) 2,000. (B) 4,000.
(C) 6,000. ✓ (D) 8,000.
9. Fixed costs Rs. 6,000, Profit required Rs. 4,000 and P/v ratio is 50 % , then sales required will be :
- (A) 6,000. (B) 4,000.
(C) 10,000. (D) 20,000. ✓
10. In responsibility accounting the organization is divided into different _____ centers.
- (A) Responsibility. ✓ (B) Cost.
(C) Profit. (D) None of these.
11. Which transaction results in flow of funds ?
- (A) Transaction involve only fixed assets.
(B) Transaction involve only current assets.
(C) All of these.
(D) None of these. ✓
12. The flow of funds occurs when a transaction changes on the one hand a non current account and on the other hand a _____.
- (A) Current asset. (B) Current liability.
(C) (A) or (B). ✓ (D) None of these.
13. _____ 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) Both of these. ✓ (D) None of these.

Turn over

14. Which among the following transaction involves no flow of fund ?
- (A) Redemption of debentures. (B) Purchase of fixed assets.
(C) Issue of debentures for cash. (D) Conversion of debentures into shares.
15. While preparing _____ statement, both capital and revenue items are considered.
- (A) Fund flow statement. (B) Income statement.
(C) Both of these. (D) None of these.
16. Flow of cash is said to have taken place when any transactions makes changes in the amount of _____ before happening of the transactions.
- (A) Cash. (B) Cash equivalents.
(C) Both of these. (D) None of these.
17. Which among the following is not an example of cash flow from operating activities ?
- (A) Cash payments of insurance premiums.
(B) Cash payments of income taxes.
(C) Cash payments to employees.
(D) Cash receipts from disposal of fixed assets.
18. _____ cost represents the amount of any given volume of output by which aggregate costs are changed if the volume of output is increased by one unit.
- (A) Variable. (B) Marginal.
(C) Fixed. (D) None of these.
19. _____ cost is defined as the aggregate of variable costs or prime costs plus variable overheads.
- (A) Variable. (B) Marginal.
(C) Fixed. (D) None of these.
20. Under marginal costing, _____ costs are treated as period costs and charged to profit and loss account for the period for which they are incurred :
- (A) Variable. (B) Fixed.
(C) Both of these. (D) None of these.