

D 11115



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Name.....

**COMMERCE
FACTORY**

Reg. No.....

FIFTH SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2016

(CUCBCSS—UG)

BCM 5B 07—ACCOUNTING FOR MANAGEMENT

Time : Three Hours

Maximum : 80 Marks

Part A

*Answer all questions.
Each question carries 1 mark.*

(A) Fill in the blanks :

- 1 The objective of Finance is to find out the Profitability and financial position.
- 2 Ratio of Net sales to Net working capital is a _____.
- 3 P/V Ratio expresses the relationship of _____ to Sales.
- 4 Marginal cost is the _____ cost of producing an additional unit of output.
- 5 _____ is a statement which describes inflows and outflows of cash and cash equivalents.

(B) Multiple choice :

6. At break-even point contribution will be equal to _____.
(a) Variable cost. (b) Fixed cost. ✓
(c) Profit. (d) None of these.
- 7 _____ assets are those which in the ordinary course of business can be converted into cash within a short period of time.
(a) Current. ✓ (b) Non-current.
(c) Both of these. (d) None of these.
- 8 _____ are statements of financial position at different periods.
(a) Comparative statements. ✓ (b) Common size statements.
(c) Both of these. (d) None.
- 9 _____ is concerned with providing information to management for taking managerial decisions.
(a) Management Accounting. ✓ (b) Financial accounting.
(c) Cost accounting. (d) All of these.

Turn over

- 10 _____ refers to firms investment in current assets.
- (a) Working capital. (b) Gross working capital.
(c) Net working capital. (d) All of these.

(10 × 1 = 10 marks)

Part B

*Answer any eight questions.
Each question carries 2 marks.*

- 11 What is comparative financial statement analysis ?
- ✓ 12 What is Acid Test Ratio ?
- ✓ 13 What is Trend analysis ?
- ✓ 14 What is Management Accounting ?
- ✓ 15 What are Liquidity ratios ?
- ✓ 16 Calculate Debtors Turnover Ratio from the following information :

| | | Rs. |
|-------------------|------|----------|
| Credit sales | ... | 42,000 |
| Return inwards | ... | 2,000 |
| Debtors | ... | 5,000 |
| Bills Receivables | ... | 3,000. |
| 17 Cash | .... | 15,000 |
| Bills Receivables | .... | 15,000 |
| Sundry Debtors | .... | 20,000 |
| Stock | .... | 10,000 |
| Sundry Creditors | .... | 30,000 |
| Cost of sales | .... | 1,80,000 |

Calculate Working Capital Turnover Ratio.

- ✓ 18 Calculate Break-Even Point from the following information :

Fixed Cost ... Rs. 4,000

P/V ratio ... 25 %.

19 Calculate P/V Ratio from the following information :

| | | |
|------------------------|------|------------|
| Selling price per unit | ... | Rs. 25 |
| Variable cost per unit | ... | Rs. 15 |
| Fixed costs | .... | Rs. 28,000 |

20 Find out current liabilities when current ratio is 3 : 1 and current assets are Rs. 1,05,000.

(8 × 2 = 16 marks)

Part C

Answer any **six** questions.
Each question carries 4 marks.

21 What is funds flow statement ?

22 State the difference between Funds Flow Statements and Cash Flow Statements.

23 Calculate Working Capital Turnover Ratio and give your interpretation :

| | | |
|-------------------|------|----------|
| | | Rs. |
| Cash | .... | 10,000 |
| Bills Receivables | .... | 5,000 |
| Sundry Debtors | .... | 25,000 |
| Stock | .... | 20,000 |
| Sundry Creditors | .... | 30,000 |
| Cost of sales | .... | 1,50,000 |

24 Prepare a statement showing net changes in working capital of the business from the following information :

| Particulars | Year 2014 | Year 2015 |
|-----------------------|-----------|-----------|
| Current assets : | | |
| Stock | 9,000 | 7,000 |
| Debtors | 16,500 | 19,500 |
| Cash at Bank | 4,000 | 9,000 |
| Current liabilities : | | |
| Trade Creditors | 9,000 | 5,000 |
| Unpaid expenses | 4,200 | 3,280 |

1200

Turn over

25 Calculate Quick ratio from the information :

Stock Rs. 60,000 ; Cash Rs. 40,000 ; Debtors Rs. 40,000 ; Creditors Rs. 50,000 ;
Bills Receivable Rs. 20,000 ; Bills Payable Rs. 30,000 ; Advance Tax Rs. 4,000 ;
Bank Overdraft Rs. 4,000 ; Debentures Rs. 2,00,000 ; Accrued interest Rs. 4,000.

✓ 26 From the following information, calculate :

- 1 P/V Ratio.
- 2 Break-even point in Units.
- 3 Break-even point in Value.

Selling price per unit Rs. 20.

Variable cost per unit Rs. 12

Fixed costs Rs. 32,000.

✓ 27 Calculate P/V ratio and sales volume to earn a profit of Rs. 80,000 :

| | | |
|---------------|------|----------|
| Sales | .... | 2,00,000 |
| Profit | .... | 20,000 |
| Variable cost | .... | 70 % |

28 A bag manufacturing company produces two type of bags. The skilled labour required for the production of these bags is in short supply. You are given the following details of cost :

| | Bag A | Bag B |
|----------------------------|-------|-------|
| Direct materials | 20 | 16 |
| Standard time required | | |
| For one unit [hrs.] | 4 Hrs | 3 Hrs |
| Direct labour cost at 2/Hr | 8 | 6 |
| Variable overhead | 4 | 3 |
| Selling price | 50 | 40 |

Which type of bag is more profitable to produce and why ?

The skilled labour available during a month is only 1200 Hrs. and maximum sales possible of each bag are only 200 units per month. In such a case what would be the optimum product mix of bags ?

(6 × 4 = 24 marks)

Part D

Answer any two questions.
Each question carries 15 marks.

29 What is Marginal Costing ? State the advantages and limitations of marginal costing.

30 The following Balance Sheets of XYZ Limited is given :—

Calculate :

- ☒ (a) Current Ratio.
☐ (b) Acid Test Ratio.
☒ (c) Debt- Equity Ratio.
☒ (d) Proprietary ratio.
☒ (e) Capital gearing ratio.
☒ (f) Fixed assets to shareholders Funds Ratio.

Balance Sheet as at 31st March 2016

| Liabilities | Amount Rs. | Assets | Amount Rs. |
|---------------------------------|---------------|--------------|---------------|
| Equity share capital | 1,50,000 | Fixed Assets | 1,50,000 |
| 5 % Preference share capital | 20,000 | Inventory | 55,000 |
| General Reserve | 25,000 | Debtors | 25,000 |
| Profit and Loss Account | 20,000 | Cash | 95,000 |
| 6 % Debentures | 55,000 | | |
| Creditors | 55,000 | | |
| | 3,25,000 | | 3,25,000 |

Turn over

31 The following details are available from the books of ABC Company Ltd :

| Liabilities | 3-12-2014 | 31-12-2015 | Assets | 31-12-2014 | 31-12-2015 |
|----------------------------|-----------|------------|----------|------------|------------|
| Share Capital | 70,000 | 74,000 | Cash | 9,000 | 7,800 |
| Debentures | 12,000 | 6,000 | Debtors | 14,900 | 17,700 |
| Reserve for doubtful debts | 700 | 800 | Stock | 49,200 | 42,700 |
| Trade Creditors | 10,360 | 11,840 | Land | 20,000 | 30,000 |
| Profit and Loss Account | 10,040 | 10,560 | Goodwill | 10,000 | 5,000 |
| | 1,03,100 | 1,03,200 | | 1,03,100 | 1,03,200 |

In addition you are given :

- (i) Total dividends paid Rs. 3,500.
- (ii) Land was purchased for Rs. 10,000.
- (iii) Amount provided for amortization of goodwill Rs. 5, 000.
- (iv) Debentures paid off Rs. 6,000.

Prepare Cash Flow Statement.

(2 × 15 = 30 marks)

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Name.....munecca.....

Reg. No.....MEFA08S.02.....

FIFTH SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2016

(CUCBCSS—UG)

BCM 5B 07—ACCOUNTING FOR MANAGEMENT

(Multiple Choice Questions for SDE Candidates)

Time : 15 Minutes

Total No. of Questions : 20

Maximum : 20 Marks

INSTRUCTIONS TO THE CANDIDATE

1. This Question Paper carries Multiple Choice Questions from 1 to 20.
2. The candidate should check that the question paper supplied to him/her contains all the 20 questions in serial order.
3. 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.
4. The MCQ question paper will be supplied after the completion of the descriptive examination.

BCM 5B 07—ACCOUNTING FOR MANAGEMENT**(Multiple Choice Questions for SDE Candidates)**

1. _____ is concerned with recording transactions and preparing financial reports for the external and internal users of accounting.
(A) Management Accounting. (B) Financial Accounting.
(C) Cost Accounting. (D) All of these.
2. _____ is concerned with providing information to management for taking managerial decisions.
(A) Management Accounting. (B) Financial Accounting.
(C) Cost Accounting. (D) All of these.
3. _____ is the art of recording, classifying and summarizing in a significant manner and in terms of money, transactions and events, which are in part, at least of financial character and interpreting the results there of :
(A) Management Accounting. (B) Accounting.
(C) Cost Accounting. (D) All of these.
4. _____ is the process of accounting for cost which includes the application of cost control methods and ascertainment of profitability of activities.
(A) Cost. (B) Costing.
(C) Cost Accounting. (D) None of these.
5. Which among the following is not a management accounting technique ?
(A) Standard costing. (B) Marginal costing.
(C) Project appraisal. (D) None.
6. _____ accounting is concerned with historical data.
(A) Cost Accounting. (B) Management Accounting.
(C) Financial Accounting. (D) None.
7. _____ explains what has happened to a business unit as a result of operations between two balance sheet dates.
(A) Income statement. (B) Profit and Loss Account.
(C) Both of these. (D) None.

8. The analysis done by persons who have access to the books of account and other information related to the business is termed as _____.
(A) Internal analysis (B) Horizontal analysis.
(C) External analysis. (D) None of these.
9. _____ type of analysis is based on the data from year to year rather than on one date, and also termed as dynamic analysis.
(A) Internal analysis. (B) Horizontal analysis.
(C) External analysis. (D) None of these.
10. Which among the following is an example for horizontal analysis ?
(A) Comparative balance sheet. (B) Comparative income statement.
(C) Common size statements. (D) (A) and (B).
11. Given opening stock is Rs. 20,000, Direct expenses 10,000, Closing stock 5,000. Cost of goods sold is _____.
(A) 25,000. (B) 35,000
(C) 15,000. (D) 20,000.
12. Observing changes in financial analysis across the years is _____.
(A) Vertical analysis. (B) Horizontal analysis.
(C) Inter firm comparison. (D) None of these.
13. The statistical yardstick that provides a measure of relationship between two accounting figures is _____.
(A) Current ratio. (B) The accounting ratio.
(C) Input-output ratio. (D) None of these.
14. The overall net increase or decrease in working capital is found out by preparing _____.
(A) Fund flow statement.
(B) Cash flow statement.
(C) Statement showing changes in working capital.
(D) None of these.

Turn over

15. 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.
16. 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.
17. _____ assets are those which in the ordinary course of business can be converted into cash within a short period of time.
- (A) Current.
 - (B) Non-current.
 - (C) Both of these.
 - (D) None of these.
18. Goods purchased for cash. This transaction involves _____.
- (A) Flow of Fund.
 - (B) No Flow of Fund.
 - (C) Both of these.
 - (D) None of these.
19. Which among the following transaction involves flow of fund ?
- (A) Cash paid to creditors.
 - (B) Payment of Bills Payable.
 - (C) Raising of short term loans.
 - (D) Raising of Long term loans.
20. _____ is a tool of management for financial analysis and helps in making decisions.
- (A) Fund flow statement.
 - (B) Balance Sheet.
 - (C) Income statement. ,
 - (D) None of these.