

FIFTH SEMESTER B.Com./B.B.A. DEGREE EXAMINATION, NOVEMBER

(UG-CCSS)

Core Course

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

Time : Three Hours

Maximum : 30 Weights



Part A

*This part consists of three bunches of questions carrying equal weightage of 1.*

*Each bunch consists of four objective questions.*

*Answer all questions.*

I. Answer all questions.

Choose the correct answer :

1 Fixed assets ratio is the ratio between Fixed Assets (after depreciation) :

- (a) Total assets.
- (b) Working capital.
- (c) Total long term funds.
- (d) None.

2 Ideal quick ratio is :

- (a) 1 : 2.
- (b) 1 : 1.
- (c) 2 : 1.
- (d) 1 : 3.

3 Difference between selling price and marginal cost is :

- (a) Contribution.
- (b) P/V ratio.
- (c) BES.
- (d) Margin of Safety.

4 Cash flow statement from operating activity include :

- (a) Income from long term investments.
- (b) Income from revenue producing activities.
- (c) Disposal of fixed assets.
- (d) Issue of shares.

II. Fill in the blanks :

- 5 Balances sheet is a \_\_\_\_\_ statement.
- 6 Proprietary ratio is otherwise called as \_\_\_\_\_.
- 7 Increase in fund means \_\_\_\_\_ of cash.
- 8 A \_\_\_\_\_ solvency ratio indicates that the firm is financially sound.

Turn over

III. Answer in one word :

- 9 Which statement is prepared to show the movement of cash ? - *cash flow*
- 10 Name the angle which indicates the rate at which profits are being made. *angle of incidence*
- 11 Which factor puts limitation on the production and profit of a business ? *limiting factor*
- 12 Give the equation of inventory turnover ratio. *COGS / AVERAGE* (12 × ¼ = 3 weightage)

### Part B

Answer all **nine** questions.

Each question carries a weightage of 1.

- 13 Give three important use of funds flow statement.
- 14 What do you mean by intra firm analysis ?
- 15 State the difference between contribution and profit.
- 16 Give a note on funds flow statement.
- 17 What do you mean by comparative balance sheet ?
- 18 What is interest coverage ratio ?
- 19 What are the constituents of complete financial statement ?
- 20 What do you mean by margin of safety ?
- 21 List out the limitations of funds flow statement.

(9 × 1 = 9 weightage)

### Part C (Short Essay or Paragraph Questions)

Answer any **five** questions.

Each question carries a weightage of 2.

- 22 Distinguish between funds flow statement and balance sheet.
- 23 Explain Du Pont control chart.
- 24 From the following information prepare a comparative balance sheet of Deepthi Ltd.

Particulars	31.3.2011 Rs. in lakh	31.3.2012 Rs. in lakh
Equity share capital ...	50	50
Fixed assets ...	60	72
Reserves and surplus ...	10	12
Investments ...	10	10
Long term loan ...	30	30
Current assets ...	30	21
Current liabilities ...	10	11

- 25 X Ltd. has current ratio 2.5 and working capital 90,000. Find out current assets and current liabilities.

*CR 2.5 WC 90000*

*CR = CA / CL*

*2.5 = CA / CL*

*2.5 × CL = 90000*

*CL = 90000 / 2.5*

*CL = 36000*

*CA = 90000 + 36000*

*CA = 126000*

26 Find out P/V ratio, Fixed Cost by the following information :

Period	Sales	Cost	Profit
I ...	1,20,000	1,11,000	9,000
II ...	1,40,000	1,27,000	13,000

Change sales P/V

27 Find out debtors turnover ratio and average collection period from the following :-

	31.3.2011	31.3.2012
	Rs.	Rs.
Annual credit sales ...	5,00,000	6,00,000
Debtors at the beginning ...	80,000	1,00,000
Debtors at the end ...	1,00,000	1,20,000

NACV 50000  
AVG 180000  
90000  
60000  
110000

28 Calculate the fund from operation from the following of A Ltd.

*Profit and Loss a/c*

To	Expenses :	Rs.	By		Rs.
	Operation	1,00,000		Gross profit	2,00,000
	Depreciation	40,000		Gain on sale of plant	20,000
	Loss on sale of building	10,000			
	Advertisement	5,000			
	Suspense a/c				
	Discount (customers)	500			
	Discount on issue of shares written-off	500			
	Goodwill	12,000			
	Net profit	52,000			

(5 × 2 = 10 weightage)

**Part D (Essay Questions)**

Answer any two questions.

Each question carries a weightage of 4.

29 Define responsibility accounting. Explain its concepts and centres.

30 From the following information make out a statement of proprietors funds with as many details as possible :

Current ratio 2.5

Liquid ratio 1.5

Proprietary ratio (fixed assets/proprietors fund) 0.75

Working capital 60,000

Reserves and Surplus 40,000

Bank overdraft 10,000

There is no long term loan or fictitious assets.

Turn over

31 You are given the following data for the year 2012 for a factory :

Output 40,000 units

Fixed expense Rs 2,00,000

Variable expense (per unit) 10

Selling price (per unit) 20 *18*

*20X18 / 10P = 27*

Draw a break-even chart showing the break-even point.

How many units must be produced and sold if the selling price is reduced by 10% in order to give the same profit ? Show by break-even chart what will be the new break-even point?

(2 × 4 = 8 weightage)

5

10

15

20

25

30

35

40