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Name.....

Reg. No.....

**FIFTH SEMESTER U.G. DEGREE EXAMINATION
NOVEMBER 2021**

(CUCBCSS-UG)

B.Com.

BCM 5B 07—ACCOUNTING FOR MANAGEMENT

(2014 Admissions)

Time : Three Hours

Maximum : 80 Marks

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

I. Choose the correct answer from the following :

- 1 When current liability is paid ; current ratio ?
 - (a) Increases.
 - (b) Decreases.
 - (c) Does not change.
 - (d) Becomes negative.
- 2 Dividend paid under AS-3 is :
 - (a) Cash flow from financing activity.
 - (b) Cash flow from operating activity.
 - (c) Cash flow from investing activity.
 - (d) None of these.
- 3 Management accounting involves :
 - (a) Recording transactions.
 - (b) Classifying transactions.
 - (c) Preparation of financial statements.
 - (d) Analysis and interpretation of data.
- 4 Which among the following is a static statement ?
 - (a) Income Statement.
 - (b) Balance sheet.
 - (c) Fund Flow Statement.
 - (d) Cash Flow Statement.
- 5 When sales are Rs. 1,00,000 and P/V Ratio is 30%, contribution is ?
 - (a) 70,000.
 - (b) 30,000.
 - (c) 1,30,000.
 - (d) 1,00,000.

II. Fill in the blanks with appropriate words :

- 6 An increase in current liability results in notional _____ of cash.
- 7 Other things remain same ; BEP increases when fixed cost _____.
- 8 In common size income statement _____ is taken as 100.
- 9 When creditors are paid in cash, the amount of working capital would _____.
- 10 Debtors Turnover ratios are also called _____.

(10 × 1 = 10 marks)

Turn over

Part B

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

- 11 What is vertical analysis ?
- 12 What do you mean by management reporting ?
- 13 What is CVP analysis ?
- 14 What are comparative financial statements ?
- 15 What is cash from operations ?
- 16 Define accounting ratio.
- 17 What do you mean by shut down points ?
- 18 Define Fund.
- 19 What is the significance of P/E ratio ?
- 20 Differentiate between net profit and fund from operation.

(8 × 2 = 16 marks)

Part C

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

- 21 Explain the different tools of financial statement analysis.
- 22 Explain the functions of management accountant.
- 23 From the following data, prepare a common-size income statement :

	2010 Rs.	2011 Rs.
Sales	10,50,000	16,75,000
Return inward	50,000	75,000
Cost of goods sold	7,50,000	10,00,000
Administrative expenses	60,000	1,60,000
Selling expenses	40,000	80,000
Interest on loan	10,000	30,000
Income tax	15,000	40,000

- 24 From the following information calculate :

- (a) BEP.
- (b) Fixed cost.

Margin of safety — Rs. 80,000 (40% of sales).

P/V ratio — 30%.

- 25 You are given the following data relating to a company for 2018 :

	Rs.
Net sales	20,00,000
Cost of sales (variable cost)	12,00,000
Operating expenses	3,00,000
Interest charges	1,00,000
Tax rate 30%	

Calculate :

- (a) Operating leverage.
- (b) Financial leverage.
- (c) Combined leverage.

- 26 B. M. Company presents the following information and you are required to calculate funds from Operation :

Profit and Loss Account

	Rs.		Rs.
To expenses :		By Gross profit	2,00,000
operation	1,00,000	By Gain on sale of plant	20,000
depreciation	40,000		
To Loss on sale of building	10,000		
To Advertisement suspense A/c	5,000		
To Discount (allowed to customers)	500		
To Discount on issue of shares written-off	500		
To Goodwill	12,000		
To Net profit	52,000		
	2,20,000		2,20,000

- 27 Calculate net cash flows from investing activities from the following information :

	31.12.2007	31.3.2008
	Rs.	Rs.
Building (W.D.V.)	6,00,000	7,50,000

Additional information :

- (i) Building costing Rs. 1,00,000 on which Rs. 30,000 had accumulated as depreciation was sold for Rs. 60,000.
- (ii) Depreciation charged on buildings for the year ended 31.3.2008 Rs. 50,000.
- 28 Rani Ltd. purchases goods on cash and credit terms. From the following information, calculate Creditors' turnover ratio and Average payment period :

	Rs.
Total purchases	... 4,20,000
Cash purchases	... 40,000
Purchase returns	... 20,000
Creditors at the end of the year	... 70,000
Bills payable at the end of the year	... 10,000
Provision for discount on creditors	... 3,750

(6 × 4 = 24 marks)

Turn over

Part D

*Answer any two questions.
Each question carries 15 marks.*

- 29 From the following information, you are required to prepare a Cash Flow Statement of C.P. Ltd. for the year ended 31st December, 2011 using indirect method :

Balance Sheet

<i>Liabilities</i>	2010 Rs.	2011 Rs.	<i>Assets</i>	2010 Rs.	2011 Rs.
Share capital	70,000	74,000	Cash	9,000	7,800
Debentures	12,000	6,000	Inventory	49,200	42,700
Reserve for doubtful debts	700	800	Debtors	14,900	17,700
Trade creditors	10,360	11,840	Land	20,000	30,000
P and L A/c	10,040	10,560	Goodwill	10,000	5,000
	1,03,100	1,03,200		1,03,100	1,03,200

Additional information :

- Dividend of Rs. 3,500 was paid.
 - Land was purchased for Rs. 10,000.
 - Amount provided for amortization of Goodwill was Rs. 5,000.
 - Debentures paid of Rs. 6,000.
- 30 A company had incurred fixed expenses of Rs. 4,50,000 with sales of Rs. 15,00,000 and earned a Profit of Rs. 3,00,000 during the first half year. In the second half, it suffered a loss of Rs. 1,50,000 Calculate :
- The profit volume ratio, break-even point and margin of safety for the first half year.
 - Expected sales volume for the second half year assuming that selling price and fixed expenses remained unchanged during the second half year.
 - The break-even point and margin of safety for the whole year.

- 31 Following are the summarized balance sheets of Beta Ltd. as on 31st March 2014 and 2015.

You are required to prepare a statement of funds flow :

<i>Liabilities</i>	2014 Rs.	2015 Rs.	<i>Assets</i>	2014 Rs.	2015 Rs.
Share capital	2,00,000	2,50,000	Land and Building	2,00,000	1,90,000
General reserve	50,000	60,000	Plant	1,50,000	1,74,000
P and L A/c	30,500	30,600	Stock	1,00,000	74,000
Bank loan (Short term)	70,000	—	Sundry Debtors	80,000	64,200
Sundry Creditors	1,50,000	1,35,200	Cash	500	600
Provision for tax	30,000	35,000	Bank		8,000
	5,30,500	5,10,800		5,30,500	5,10,800

Additional information :

- Depreciation on Plant written-off Rs. 14,000 in 2015.
- Dividend of Rs. 20,000 was paid in 2015.
- Income tax provision made during the year was Rs. 25,000.
- A piece of land has been sold during the year at cost.

(2 × 15 = 30 marks)