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Name.....

Reg. No.....

FIFTH SEMESTER U.G. DEGREE EXAMINATION, NOVEMBER 2021

(CUCBCSS—UG)

B.B.A.

BBA VB 07—ACCOUNTING FOR MANAGEMENT

Time : Three Hours

Maximum : 80 Marks

Part I (Objective Questions)*Answer all ten questions. Each question carries 1 mark.*

Choose the correct answer :

1. The _____ management is mainly concerned with the policy decisions.
 - (a) Top.
 - (b) Middle.
 - (c) Bottom.
 - (d) All of these.
2. Cost Accounting and Management Accounting are _____ in nature.
 - (a) Complementary.
 - (b) Contrary.
 - (c) Different.
 - (d) Similar.
3. _____ analysis is also known as Dynamic analysis.
 - (a) Internal.
 - (b) Horizontal.
 - (c) External.
 - (d) Vertical.
4. Ratio of Net profit before interest and tax to sales is _____.
 - (a) Operating profit ratio.
 - (b) Operating ratio.
 - (c) Capital gearing ratio.
 - (d) Solvency ratio.
5. The overall increase/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.

Fill in the blanks :

6. Direct costs are also known as _____.
7. The ratio of contribution to _____ is P/V ratio.
8. _____ liabilities are those which are intended to be paid in the ordinary course of business within a short period.
9. _____ is the amount of expenditure incurred on or attributable to a given thing.
10. Margin of safety is that sales which is above _____.

(10 × 1 = 10 marks)

Turn over

Part II (Short Answer Questions)

Answer any **eight** out of ten questions in two **or** three sentences.

Each question carries 2 marks.

11. What is Management Accounting?
12. What are the objectives of financial statements?
13. What are common size statements?
14. What is EPS?
15. What is meant by 'Networking capital'?
16. What is a statement of cash flow?
17. What is P.V. Ratio?
18. What is a key factor?
19. Find out current ratio and quick ratio if Current assets are 120,000, Current liabilities 80,000 and Value of inventory is Rs. 40,000.
20. From the following information, calculate P/V ratio, Break-even point and margin of safety :

Total output	–	10,000 units.
Selling price per unit	–	20
Variable cost per unit	–	12
Fixed cost	–	Rs. 40,000.

(8 × 2 = 16 marks)

Part III (Short Essay Questions)

Answer any **six** out of the eight questions in about 200 words.

Each question carries 4 marks.

21. Explain different solvency ratios.
22. A company has capital of Rs. 10,00,000 ; its turnover is 3 tonnes the capital and the margin on sales is 6%. What is the return on investment?
23. From the following information, interpret the results of operations of manufacturing concern using trend ratios :

For the year ended 31st March

	2015	2014	2013	2012
Sales (net)	13,000	12,000	9,500	10,000
Cost of goods sold	<u>7,280</u>	<u>6,980</u>	<u>5,890</u>	<u>6,000</u>
Gross Profit	5,720	5,040	3,610	4,000
Selling expenses	<u>1,200</u>	<u>1,100</u>	<u>970</u>	<u>1,000</u>
Net Operating Profit	4,520	3,940	2,640	3,000

24. From the following information of ABC Ltd., calculate for equity shares :

- (i) Earnings per share ; and
- (ii) Price - earning ratio.

Profits before tax : 20,00,000 ; Tax rate : 35%,

Equity share capital : Rs. 30,00,000 (30,000 equity shares of Rs. 100 each)

10% preference share capital : Rs. 10,00,000 (10,000 shares of Rs. 100 each)

In spite of the current global recession, the market price of ABC Ltd's one equity share is Rs. 160.

25. The following relate to JJ Ltd. for a particular period :

Sales 20,000 units @ Rs. 20 each.

Variable cost per unit Rs. 10

Fixed cost of the concern Rs.100,000.

Calculate : (i) P/V Ratio, (ii) Break-even unit , (iii) Break-even sales, (iv) Margin of safety.

26. What is margin of safety? How is it calculated?

27. What are the stages in Activity Based Costing?

28. The following are the ratio of the trading activities of ABC Ltd :

Debtors Velocity – 3 months.

Gross profit ratio – 25%

Gross profit for the year amounts to Rs. 4,00,000.

Calculate : (i) Sales ; and (ii) Sundry Debtors.

(6 × 4 = 24 marks)

Part IV (Essay Questions)

Answer any **two** out of three questions in about 800 words.

Each question carries 15 marks.

29. What is a Fund Flow Statement? Briefly explain the elements of a fund flow statement.

30. Explain the significance of Responsibility Accounting in the current scenario.

31. The following details relate to the manufacture of two products J and K :

	Product J	Product K	(per unit)
Sales price	80	100	
Material (Rs. 10 per kg.)	20	40	
Direct wages (Rs. 4 per hour)	28	20	
Variable overhead	4	10	
Total fixed overhead – Rs. 12,000			

Which of the product would you recommend under each of the following circumstances :

- (a) Total sales potential in units is limited.
- (b) Raw material is in short supply.

(2 × 15 = 30 marks)