C 30255 (Pages : 4) Name..................................

Reg. No...............................

FIFTH SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2017

(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 Cash flow statement reveals the effects of transactions involving movement of ————.

2 Building sold on credit is ———— of funds.

3 Debt equity ratio is a ———— ratio.

4 ———— is known as 100 % statement.

5 ———— is the cost of producing one additional unit of output.

(B) Multiple choice :

6 Management accounting rearranges for management control, data provides by :

(a) Financial accounting. (b) Cost accounting.

(c) Revaluation accounting. (d) HR accounting.

7 The current ratio of a company is 2 : 1. Which of the following suggestion would improve the ratio :

(a) To give interest bearing promissory note to a creditor.

(b) To purchase stock for cash.

(c) To borrow money on an interest bearing promissory note.

(d) To sell a motor car for cash at a slight loss.

8 Sale of long term investment indicates :

(a) Long term impact in investment.

(b) Source of funds.

(c) Application of funds.

(d) Changes in current income.

9 Which one is a investing activity ?

(a) Cash sale of goods in trade. (b) Interest received on investments.

(c) Interest paid on debentures. (d) Cash payment of dividend.

Turn over

10 At break-even point fixed cost will be :

(a) Equal to Variable cost. (b) Equal to fixed cost.

(c) More than fixed cost. (d) More than variable cost.

(10 × 1 = 10 marks)

Part B

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

11. What do you mean by average analysis ?
12. Define Angle of incidence.
13. List out liquidity ratios.
14. What do you mean by dynamic analysis ?
15. What is key factor ?
16. Calculate P/V ratio if Sales Rs. 5,00,000 from 10,000 units, variable cost Rs. 25 per unit and fixed cost Rs. 1,00,000.
17. Calculate trend percentage from the following figures of the company taking 2011 as the base :

Year	...	2011	2012	2013	2014	2015	2016
Sales ('000)	...	3,000	4,000	4,800	5,600	7,000	8,000
Profit ('000)	...	500	800	1,000	1,500	2,000	2,400

18. Calculate stock turnover ratio from the following :—

Opening stock—Rs. 30,000. Closing Stock—Rs. 20,000.

Purchases—Rs. 1,00,000. Direct expenses—Rs. 10,000.

19. Calculate working capital from the following :—

		Rs.
Stock	...	1,50,000
Debtors	...	1,40,000
Fixed Assets	...	2,00,000
Cash	...	60,000
Creditors	...	2,00,000
Bills payable	...	1,00,000

20. The quick ratio of a company is 1.5 : 1 , if working capital is Rs. 10,000 calculate value of stock.

(8 × 2 = 16 marks)

Part C

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

21. What are the limitations of ratio analysis ?

22. From the following calculate the value of debtors :—

Total sales—Rs. 6,00,000 ;

Cash sales—Rs, 2,00,000 ;

Debtors velocity 30 days Bills receivable—Rs. 13,333 ; and no. of working days in a year 360.

23. From the following figures calculate (a) Capital turn over ratio ; (b) Fixed asset turnover ratio ; and ; (iii) Working capital turnover ratio.

Gross profit is 20% of sales—Rs. 15,00,000 ;

Current assets—Rs. 4,00,000 ; and

Current liabilities—Rs. 2,00,000 ;

Fixed assets (gross)—Rs. 5,00,000 ;

Depreciation is—Rs. 1,00,000.

24. Calculate BEP and new BEP when selling price is increase by Rs. 4 from the following details :

Sales Rs. 25 per unit, Variable production cost Rs. 10 per unit, variable administration cost Rs. 4 per unit, variable administration cost Rs. 4 per unit and fixed cost Rs. 1,20,000.

25. A manufacturing company produced 10,000 units during the month of July 2017. Direct materials is cost Rs. 10,000, Direct labour amounted to Rs. 1,000 and variable overhead to Rs. 2,000. Fixed overshead for the current financial year were estimated at Rs. 24,000. The whole production was sold at Rs. 2 per unit. Prepare a statement showing marginal cost and profit or loss for the month and calculate break-even point.

26. Prepare a changes in working capital statement with the help of following data :

Particulars		*March* 2016	*March* 2017
Cash in hand and at bank	...	6,600	15,200
Sundry Debtors	...	18,000	19,000
Sundry Creditors	...	8,000	5,400
Bills receivable	...	2,000	3,200
Bills Payable	...	1,200	800
Stock	...	30,000	23,400
Provisions for doubtful debts	...	400	600

27. The earnings of Bosco Ltd. for 2016 is given below, compute Earnings Per Share (EPS), Earnings yield ratio and Price earnings ratio.

Profit before tax Rs. 24,46,000 and tax rate is 60 %.

Capital of the company is 9 % Preference shares of Rs. 10 lakhs and equity shares Rs. 30 lakhs.

Reserve in the beginning of the year is Rs. 22 lakhs and proposed dividend 20 %.

28. What are the merits of Marginal Costing ?

(6 × 4 = 24 marks)

Part D

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

29. A manufacture has planned his level of production at 50 % of his plant capacity of 30,000 units. At 50 % of the capacity, his expenses are as follows :—

		Rs.
Direct labour	...	11,160
Direct materials	...	8,280
Variable and other manufacturing expenses	...	3,960
Total fixed expenses regardless of production	...	6,000

The home selling price is Rs. 2 per unit. Now the manufacturer receives a trade enquiry from overseas for 6,000 units at a price of Rs. 1.45 per unit. If you were the manufacturer, would you accept or reject the offer ? Support your statement with suitable cost and profit details.

30. Prepare the Balance Sheet with the help of the following ratios :

Total Assets/Net Worth	:	3.5
Sales / Fixed Assets	:	6
Sales/ Current Assets	:	8
Sales/ Inventory	:	15
Sales/ Debtors	:	18
Current ratio	:	2.5
Annual Sales	:	Rs. 25,00,000

31. From the following balance sheets of Mr. William. Prepare a Cash Flow Statement :

Liabilities		2002	2003	*Assets*		2002	2003
		Rs.	Rs.			Rs.	Rs.
Capital	..	5,00,000	6,12,000	Land and Building	..	3,00,000	4,40,000
Sundry creditors	..	1,60,000	1,76,000	Plant and Machinery	..	3,20,000	2,20,000
Mrs. W's Loan	..	1,00,000	—	Stock	..	1,40,000	1,00,000
Loan from Bank	..	1,60,000	2,00,000	Sundry debtors	..	1,20,000	2,00,000
				Cash	..	40,000	28,000
		9,20,000	9,88,000			9,20,000	9,88,000

Additional Information :

A machine costing Rs. 40,000 (accumulated depreciation Rs. 12,000) was sold for Rs. 20,000. The provision for depreciation on 31-12-02 was Rs. 1,00,000 and 31-12-03 Rs. 1,60,000. The net profit for the year 2003 was 1,80,000.

(2 × 15 = 30 marks)