

**FIFTH SEMESTER B.Com./B.B.A. DEGREE EXAMINATION  
NOVEMBER 2015****(UG—CCSS)****Core Course****BC 5B 07/BB VB 07—ACCOUNTING FOR MANAGEMENT****Time : Three Hours****Maximum : 30 Weightage****I. Answer all *twelve* questions :—****Choose the correct answer :**

1 Which *one* of the following items is not taken into account while computing current ratio ?

- (a) Sundry creditors. (b) Sundry debtors.  
(c) Furniture. (d) **Bank** overdraft.

2 The stock turnover ratio is \_\_\_\_\_

- (a) Financial ratio. (b) Activity ratio.  
(c) Solvency ratio. (d) Profitability ratio.

3 Increase in the amount of prepaid expenses result in \_\_\_\_\_

- (a) Increase in cash. (b) Decrease in cash.  
(c) No change in cash. (d) None of these.

4 Sale of building results into \_\_\_\_\_

- (a) Source of fund. (b) Application of fund.  
(c) No flow of fund. (d) None of these.

**Fill in the blanks :**

5 **EBIT** divided by total assets ratio is \_\_\_\_\_

6 At **BEP**, the total cost is equal to \_\_\_\_\_

7 Total cost of fixed cost and profit is called \_\_\_\_\_

8 The Ratio of earnings that are distributed through dividends is called \_\_\_\_\_

**Give *one word* :**

9 Name the ratio which is applicable to 'Higher the ratio, the lower the profitability'.

10 Name the ratio that deals with the relationship between two items appearing in the profit and loss account.

**Turn over**

11 Name the technique for studying the relationship between cost, volume and profit.

12 Name the ratio of gross profit to net total sales.

(12 x  $\frac{1}{4}$  = 3 weightage)

II. Short answer questions.

Answer *all* questions. Each question carries a weightage of 1.

13 State any *two* advantages of ratio analysis.

14 What is current ratio ?

15 Define Funds Flow Statement.

16 Name two 'applications' of fund.

17 What is Profit volume ratio ?

18 Write the marginal cost equation.

19 What is profit centre in responsibility accounting ?

20 What is meant by schedule of changes in working capital ?

21 What is accounts payable ratio ?

(9 x 1 = 9 weightage)

III. Answer any *five* questions. Each question carries a weightage of 2 :

22 Explain the limitations of ratio analysis.

23 Explain the benefits of implementing Activity based costing.

24 From the following details determine the value of debtors :

Total sales----Rs. 5,00,000

Cash sales—Rs. 2,00,000

Debtors velocity 30 days

Bills receivable—Rs. 5,000.

25 Find out the profit from the following data :

Rs.

Sales ... 80,000

Marginal cost ... 60,000

Break-even sales ... 60,000

26 The following information relating to a company is given to you :

Rs.

Sales ... 4,00,000

Fixed cost ... 1,80,000

Variable cost ... 2,50,000

Ascertain how much the value of sales must be increased for the company to break-even.

27 From the following balances extracted from BC Co. Ltd. as on 31-12-2010 and 2011, you are required to prepare a schedule of changes in working capital.

<i>Liabilities</i>	<i>As on 31st December</i>		<i>Assets</i>	<i>As on 31st December</i>	
	2010 Rs.	2011 Rs.		2010 Rs.	2011 Rs.
Share Capital	40,000	45,000	Fixed assets	50,000	66,000
Creditors	10,000	23,000	Stock	80,000	90,000
Profit and Loss Account	2,30,000	2,50,000	Debtors	1,20,000	1,15,000
			Cash at bank	30,000	47,000
	2,80,000	3,18,000		2,80,000	3,18,000

28 What are the major inflows and out flows from financing activities

(5 x 2 = 10 weightage)

IV. Answer any *two* questions. Each question carries a weightage of 4 :

29 Debtor's velocity	3 months
Creditor's velocity	2 months
Stock velocity	8 times
Capital turnover ratio	2.5 times
Fixed assets turnover ratio	8 times
Gross profit turnover ratio	25%

Gross profit in a year amounts to Rs. 80,000. There is no long term loan or overdraft. Reserves and surplus amount to Rs. 28,000. Liquid assets are Rs. 97,333. Closing stock of the year is Rs. 2,000 more than the opening stock. Bills receivable amounts to Rs. 5,000 and Bills payable to Rs. 2,000.

Find out :

- {a) Sales.
- (b) Sundry debtors.
- (c) Closing stock.
- (d) Sundry creditors.
- (e) Fixed assets.
- (f) Proprietor's fund

Make out the balance sheet with as many details as possible.

**Turn over**

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