

D 90023

(Pages : 6)

Name.....

Reg. No.....

**FIFTH SEMESTER B.Com./B.B.A. DEGREE EXAMINATION
NOVEMBER 2020**

(CUCBCSS—UG)

B.Com.

BCM 5B 07—ACCOUNTING FOR MANAGEMENT

(2017 Admissions)

Time : Three Hours

Maximum : 80 Marks

Section A (Objective Questions)

Answer all questions.

Each question carries 1 mark.

Choose the correct answer :

1. Capital gearing Ratio is one of the _____.

(a) Liquidity ratio.

(b) Activity ratio.

(c) Leverage ratio.

(d) Profitability ratio.

2. Sale of Investment indicates :

(a) Source of fund.

(b) Application of fund.

(c) No flow of fund.

(d) All the above.

3. Depreciation is a _____.

(a) Cash Expense.

(b) Non-Cash Expense.

(c) Non-Operating Expense.

(d) Prepaid Expense.

4. The formula for calculation of BEP in Rs. is _____.

(a) $\frac{S - V^*}{S} 100.$

(b) $\frac{F}{P/V \text{ Ratio}}$

(c) $\frac{P}{P/V \text{ Ratio}}$

(d) $\frac{F + P}{P/V \text{ Ratio}}$

Turn over

5. Which one of the following is recorded fact ?

- (a) Market value of Investment. (b) Replacement cost of Machinery.
(c) Debtors. (d) None of the Above.

Fill in the Blanks :

6. Income Statement refers to _____.
7. Difference between Sales and Cost of Goods Sold _____.
8. Difference between Current Assets and Current Liabilities is known as _____.
9. Sales over and above the Break-Even Sales are known as _____.
10. The intersection of _____ line and _____ line makes the Angle of Incidence.

(10 × 1 = 10 marks)

Section B (Short Answer Questions)

Answer at least five questions.

Each question carries 4 marks.

All questions can be attended.

Overall ceiling 20.

11. List any four functions of Management Accounting.
12. What is meant by Fund Flow Statement ?
13. Calculate BEP from the following particulars :

Fixed Expenses 1,50,000, Variable Cost Per Unit Rs. 10, And Selling Price Rs. 15.

14. Define Marginal Costing.
15. What is PE Ratio ?
16. What is meant by Inter Firm Comparison ?
17. What is meant by Turnover Ratios ?
18. What is meant by Cash Flow from Investing Activities ?
19. What is Fund from Operation ?
20. What is meant by Cash Break-even Point ?

(5 × 4 = 20 marks)

Section C (Short Essay Questions)

Answer at least **four** questions.

Each question carries 8 marks.

All questions can be attended.

Overall ceiling 32.

21. Differentiate Financial Accounting from Management Accounting.
22. Prepare a Comparative Statement from the following data (Rs. in Lakhs) :

Income statement	2014	2015
Net sales	600	700
Cost of goods sold	400	600
Administrative expenses	20	20
Selling expenses	10	10
Net profit	170	170

23. From the Balance Sheet of Chand Ltd. As on 31st, March 2016, below prepare a Common Size Balance Sheet :

Liabilities		Assets	
Share Capital :		Fixed assets :	
Equity shares of Rs. 10.0 each	4,00,000	Plant and machinery	4,00,000
Reserves and Surplus	1,20,000	Furniture and fixtures	40,000
Secured Loan -12% denature	80,000	Current Assets :	
Current liabilities - creditors		Stock and debtors	2,00,000
and bills Payable	2,00,000	Cash and bank	1,60,000
Total	8,00,000	Total	8,00,000

24. Pankajam Limited sells goods on cash as well as on credit basis. The following information is extracted from their books of accounts for 2013 :

Total sales	1,00,000
Cash sales (included in the above)	20,000
Sales returns	7,000

Turn over

Total debtors for sales as on 31-12-2013	...	9,000
Bills Receivables as on 31-12-2013	...	2,000
Provision for doubtful debts	...	1,000
Trade creditors as on 31-12-2013	...	10,000

Calculate :

- (a) Debtors/ Receivables Turnover Ratio.
- (b) The Average Collection Period.

25. How does Fund Flow Statement differ from Balance Sheet ?

26. From the following information ascertain the net cash from operation activities for the year 2018.

(i) Net profit before tax	...	55,000
(ii) Income tax paid	...	22,000
(iii) Depreciation of fixed assets	...	2,500
(iv) Profit on sale of land	...	5,000
(v) Interest on debentures paid	...	1,500
(vi) Dividend received	...	1,000
(vii) Proceeds from earth quake disaster settlement	...	2,000
(viii) Increase in amount of stock	...	750
(ix) Decrease in debtors	...	300
(x) Decrease in creditors	...	250

27. Differentiate between Horizontal and Vertical Analysis of financial statements.

28. From the calculate the Cash Break-even Point :

		Rs.
Selling price unit	...	150
Variable cost per unit	...	140
Depreciation per unit	...	110
Fixed cost	...	2,50,000
Depreciation	...	50,000

(4 × 8 = 32 marks)

Section D (Essay Questions)*Answer any one question.**Each question carries 18 marks.*

29. What is Cash Flow Statement ? Explain the procedure for preparation of Cash Flow Statement as per AS-3 under Direct Method. Use suitable examples.
30. The Balance Sheet of Nataraj Machinery Limited is given below :

<i>Particulars</i>	<i>Amount</i>	<i>Amount</i>
<i>Assets</i>		
Cash	90,000	90,000
Debtors	67,000	43,000
Temporary investments	1,10,000	74,000
Prepaid expenses	1,000	2,000
Stock	82,000	1,06,000
Land and building	1,50,000	1,50,000
Machinery	52,000	70,000
Total	<u>5,52,000</u>	<u>5,35,000</u>
<i>Liabilities</i>		
Creditors	1,03,000	96,000
Outstanding expenses	13,000	12,000
8% debentures	90,000	70,000
Depreciation fund	40,000	44,000
Reserves and contingencies	60,000	60,000
Profit and Loss account	16,000	23,000
Capital	2,30,000	2,30,000
Total	<u>5,52,000</u>	<u>5,35,000</u>

Turn over

Additional information :

- (a) 10% dividend was paid in cash.
- (b) New machinery for Rs. 30,000 was purchased about old machinery costing Rs. 12,000 was sold for Rs. 4,000 ; accumulated depreciation was Rs. 6,000.
- (c) Rs. 20,000 8% debentures were redeemed buy purchases from open market @ Rs. 96 for a debenture of Rs. 100.
- (d) Rs. 36,000 investments were sold at book value.
- (e) Prepare fund flow statement.

Prepare Fund Flow Statement.

31. Two companies Sun Limited and Moon Limited produce and sell the same type of product in the same market for the year ended 31st March 2020 their forecasted profit and loss account are as follows :

Particulars	Sun Limited	Moon Limited
Sales	5,00,000	5,00,000
Less :		
Less variable cost	2,75,000	2,50,000
Fixed cost	75,000	1,00,000
Total Expenses	3,50,000	3,50,000
Estimated Profit	1,50,000	1,50,000

You are required to calculate :

- (a) Profit volume ratio, Break-even point and margin of safety of each business.
- (b) State the sales volume at which each business will earn a profit of Rs. 75,000.
- (c) Explain giving reasons which business is likely to earn great profits in the condition of :
 - (i) Heavy demand for the product.
 - (ii) Low demand for the product.

(1 × 18 = 18 marks)