

FIFTH SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2019

(CUCBCSS—UG)

B.Com.

BCM 5B 07—ACCOUNTING FOR MANAGEMENT

(2017 Admissions)

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 use of Management Accounting is ———.

(a) Compulsory.	(b) Optional.
(c) Obligatory.	(d) All the above.
2. Financial Statements are ———.

(a) Estimates of Facts.	(b) Anticipated Facts.
(c) Recorded Facts.	(d) None of these.
3. Capital Gearing Ratio is one of the ———.

(a) Liquidity Ratios.	(b) Leverage Ratios.
(c) Profitability Ratios.	(d) None of them.
4. Which of the following is a non-current item ?

(a) Share premium.	(b) Bills Accepted.
(c) Bank balance.	(d) Payment of wages.
5. Which of the following suggestions will improve the Current Ratio ?

(a) To pay a Current Liability.	(b) To Sell a Motor Car at a slight loss.
(c) To borrow money for a short time on a interest bearing promissory note.	(d) To purchase stock for cash.

Fill in the Blanks :

6. Management Accounting is concerned with ——— of Data
7. Liquid Ratio is also known as ———.
8. Gross capital employed = ———.

9. Issue of Capital for Cash will _____ Working Capital.
10. Difference between sales and marginal cost of sales is called _____.

(10 × 1 = 10 marks)

Part II (Short Answer Questions)

Answer any **eight** out of the ten questions in two or three sentences.
Each question carries 2 marks.

11. Define Management Accounting.
12. What are Financial Statements ?
13. What is comparative income statement ?
14. Following information is available for a Concern :
- Current Ratio 3.5, Liquid Ratio 2.5, Working Capital Rs. 1,00,000.
- Find the value of :
- (a) Current Assets.
- (b) Current Liabilities.
- (c) Value of Inventory.
15. List any *four* sources fund.
16. List any *four* transactions which results in cash outflow in a business.
17. What is contribution ?
18. What is Angle of Incidence ?
19. Find the value of current assets when Current Ratio is 2.4 and Working Capital is Rs. 1,40,000.
20. From the following calculate Debtors Turnover Ratio :
- (a) Annual credit sales Rs. 25,000.
- (b) Returns inwards Rs. 1,000.
- (c) Debtors Rs. 3,000.
- (d) Bills receivables Rs. 1,000.

(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. Discuss the various steps required for the Installation of Management Accounting System in organisation.
22. List and explain Financial Statements usually prepared by business organisations.

23. From the following data prepare a Comparative Income Statement and comment on profitability of the concern :

Particulars	2018	2019
	Rs. in (000)	Rs. in (000)
Net sales	785	900
Cost of goods sold	450	500
Operation expenses :		
General and administrative expenses	70	72
Selling expenses	80	90
Non operating expenses :		
Interest paid	25	30
Income tax	70	80

24. Calculate Net Working Capital :

(a) Current Ratio	...	2.5
(b) Liquid Ratio	...	1.75
(c) Stock	...	Rs. 1,50,000

25. Following are the extracts from the Balance Sheet of ABC & Co Ltd. as on 31st December 2015 and 2016. Compute Fund from Operations :

Particulars	2015	2016
	Rs.	Rs.
Profit and Loss appropriation account	45,000	60,000
General reserve	30,000	37,500
Goodwill	15,000	7,500
Preliminary expenses	9,000	6,000
Provision for depreciation on machinery	15,000	18,000

26. Define Cash Flow Statement and explain different types of cash flows.

27. The management of a company finds that while the cost of making a component part is Rs. 15, the same is available in the market at Rs. 13 with an assurance to continuous supply. The cost information for production is as follows :

	Rs.
(i) Material	3.50
(ii) Direct labour	5.50
(iii) Other variable expenses	3.00
(iv) Fixed expenses	3.00
Total	15.00

Give a suggestion whether to make or buy this part. Give also your views in case the supplier reduces the price from Rs. 13 to Rs. 11.

28. What is meant by Capital Gearing Ratio? How it is calculated?

(6 × 4 = 24 marks)

Turn over

