

FIFTH SEMESTER B.Com. DEGREE EXAMINATION OCTOBER 2012

(CCSS)

Commerce

BC 5B 07/BB 5B 07—ACCOUNTING FOR MANAGEMENT

(Common for B.Com./B.B.A.)

Time : Three Hours

Maximum : 30 Weightage

I. Answer *all* questions :

Choose the correct answer :

- 1 The ideal current ratio is considered to be _____.
(a) 1.2 ; (b) 2 ; (c) 1 ; (d) 4.
- 2 The difference between actual sales and break-even sales is _____.
(a) P/V ratio ; (b) Cost margin ; (c) Retention money ; (d) Margin of safety.
- 3 In fund flow statement, fund means _____.
(a) Total capital ; (b) Total Assets ; (c) Working capital ; (d) Cash and Bank balances.
- 4 _____ costs are partly fixed and partly variable.
(a) Sunk cost ; (b) Semi variable ; (c) Fixed ; (d) None of these.

Fill in the blanks :

- 5 Contribution is the difference between sales and _____.
- 6 Two popular financial statements are _____ and _____.
- 7 Issue of shares or debentures is a _____ of fund.
- 8 _____ is a graphic presentation of CVP analysis.

Give one word :

- 9 The point at which contribution is equal to fixed cost is _____.
- 10 What is the ideal quick ratio ?
- 11 Which statement is prepared to show the movement of working capital ?
- 12 Name the factor that influences the profit and turnover of a firm.

(12 × ¼ = 3 Weightage)

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

- 13 What is horizontal analysis ?
- 14 What is interest coverage ratio ?
- 15 State any *two* functions of management accountant.

Turn over

- 16 What do you mean by EPS ?
 17 Explain the term "Fund".
 18 What is margin of safety ?
 19 What is key factor ? Give *two* examples.
 20 What is cash flow statement ?
 21 What is a break-even chart ?

(9 × 1 = 9 Weightage)

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

- 22 Distinguish between Financial accounting and Management accounting.
 23 Explain the different types of analysis.
 24 Calculate cash flow from operations from the following information :

(a) Profit made during the year Rs. 2,00,000 after considering the following items :

	Rs.
Depreciation ...	10,000
Goodwill written off ...	5,000
Transfer to Reserve ...	5,000
Profit on sale of machinery ...	2,000

(b) Following is the position of current assets and current liabilities :

	Opening balance	Closing balance
	Rs.	Rs.
Debtors ...	10,000	15,000
Creditors ...	15,000	10,000
Bills Receivable ...	12,000	10,000
Prepaid expenses ...	4,000	2,000

- 25 A Ltd. has a current ratio of 3.5 : 1 and quick ratio of 2 : 1. If closing stock is Rs. 24,000 calculate total current assets and total current liabilities.
 26 The P/V ratio of Beta Ltd. is 50 % and its margin of safety is 40 %. Calculate BEP and profit if sales are Rs. 50 lakhs.
 27 Prepare a comparative Balance Sheet from the following :—

Balance Sheet as on 31st March

	2010	2011		2010	2011
	Rs.	Rs.		Rs.	Rs.
Share capital ...	8,00,000	10,00,000	Plant ...	6,00,000	5,40,000
Reserve ...	3,00,000	4,00,000	Furniture ...	40,000	60,000
Debentures ...	2,00,000	3,00,000	Debtors ...	7,00,000	10,00,000
Creditors ...	2,40,000	3,60,000	B/R ...	1,00,000	2,00,000
B/P ...	60,000	40,000	Cash ...	1,60,000	3,00,000
	<u>16,00,000</u>	<u>21,00,000</u>		<u>16,00,000</u>	<u>21,00,000</u>

- 28 Calculate P/V ratio, BEP, Margin of safety and sales required to earn a profit of Rs. 1,00,000 from the following data :—

	Rs.
Sales	... 8,00,000
Fixed cost	... 1,50,000
Direct Materials	... 4,00,000
Direct Labour	... 1,20,000
Direct Expenses	... 80,000

(5 × 2 = 10 Weightage)

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

- 29 From the following Balance Sheet of X Ltd. Prepare :

- (a) Schedule of changes in working capital.
(b) Funds Flow Statement.

Balance Sheet as on 31st March

		2009	2010			2009	2010
		Rs.	Rs.			Rs.	Rs.
Share capital	...	70,000	74,000	Cash	...	9,000	7,800
Debentures	...	12,000	6,000	Debtors	...	14,900	17,700
Creditors	...	10,360	11,840	Stock	...	49,400	42,700
Profit and Loss Account	...	10,740	11,360	Goodwill	...	10,000	5,000
				Land	...	20,000	30,000
		<u>1,03,100</u>	<u>1,03,200</u>			<u>1,03,100</u>	<u>1,03,200</u>

Additional Information :

- (a) Dividends paid Rs. 4,000.
(b) Land purchased for Rs. 15,000.

- 30 Following are the details of the trading activities of Megha Traders :—

- Stock velocity—8 months
Debtors velocity—3 months
Creditors velocity—2 months
Gross profit ratio—25 %

Gross profit for the year is Rs. 4,00,000. Bills receivable Rs. 25,000 and Bills Payable Rs. 10,000. Closing stock is Rs. 10,000 more than the opening stock. Find out (a) Sales ; (b) Debtors ; (c) Closing stock ; and (d) Creditors.

- 31 Define Management Accounting. Explain its scope and importance.

(2 × 4 = 8 Weightage)