

FIFTH SEMESTER B.Com DEGREE EXAMINATION, NOVEMBER 2022

(Supplementary- 2017 & 2018 Admissions)

FINANCE & COMPUTER APPLICATION

ABCM5B07T: ACCOUNTING FOR MANAGEMENT

Time: 3 Hours

Maximum Marks: 80

PART A: Answer *all* the questions. Each carries 1 mark.

Choose the correct answer.

- Given sales = Rs.100000, Profit = Rs.10000, Variable cost = 70%. The sales required to earn a profit of Rs.40000 is _____.
 (A) 15,00,000 (B) 1,00,000 (C) 2,00,000 (D) None of these.
- Which among the following is not an example of cash flow from operating activities?
 (A) Cash payments of insurance premiums (B) Cash payments of income taxes
 (C) Cash payments to employees (D) Cash receipts from disposal of fixed assets
- _____ are short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.
 (A) Cash equivalents (B) Short term investments (C) Marketable securities (D) All of these
- _____ cost represents the amount of any given volume of output by which aggregate costs are changed if the volume of output is increased by one unit.
 (A) Variable cost (B) Marginal cost (C) Fixed cost (D) None of these.
- The basic function of Management Accounting is to
 (A) Record all business transactions (B) Interpret the financial data
 (C) Assist the management in performing its functions effectively (D) None of these

Fill in the blanks.

- _____ are statements of financial position at different periods.
- Ratio of net profit before interest and tax to sales is _____.
- When sales are Rs.30000 and P/V ratio is 20% then contribution will be _____.
- Fund flow refers to changes in _____ capital.
- The Branch of accounting concerned with collection, determining and controlling cost of products and services is called _____.

(10 × 1 = 10 Marks)

(PTO)

PART B: Answer any eight questions. Each carries 2 marks.

11. What is a Comparative Income Statement?
12. What is Capital Gearing Ratio?
13. Credit sales Rs.25,000; Return inwards Rs.1,000; Debtors Rs.3,000; Bills Receivables Rs.1,000.
Calculate debtor's turnover ratio.
14. Equity share capital Rs.1,000,000 ; 9% Preference share capital Rs.500,000; Taxation rate: 50% of net profit; Net profit before tax Rs.400,000. Calculate the return on equity capital.
15. What is Make or Buy decision?
16. Define Funds from Operations.
17. Comment on the term, Margin of Safety.
18. Calculate quick ratio from the information:
Stock Rs .60,000 ; Cash Rs.40,000; Debtors Rs.40,000; Creditors Rs .50,000 Bills Receivable Rs. 20,000; Bills Payable Rs. 30,000; Advance Tax Rs. 4,000 Bank Overdraft Rs. 4,000; Debentures Rs. 2,00,000; Accrued interest Rs. 4,000.
19. Distinguish between Fixed cost and Variable cost.
20. Give any two distinctions between Cost Accounting and Management Accounting.

(8 × 2 = 16 Marks)

PART C: Answer any six questions. Each carries 4 marks.

21. Explain the uses and significance of Ratio Analysis.
22. Discuss the recent trends in Management Reporting.
23. Enumerate the stages in Financial Statement Analysis.
24. Given: Current ratio 2.8; Acid test ratio 1.5; Working capital = Rs.1,62,000.
Find out: Current assets; Current liabilities; Liquid Assets.
25. You are given the following information relating to a company for the year 2022:
Output- 20000 units; Selling price per unit Rs.12; Direct materials per unit Rs.5; Direct Labour per unit Rs.2; Variable overheads per unit Rs.1; Fixed cost per year Rs.60000.
Calculate 1) Total Marginal cost 2) Contribution 3) Profit 4) P/V Ratio.
26. Distinguish between Fund Flow Statement and Cash Flow Statement.
27. Analyse the managerial applications of Marginal Costing.
28. Give an overview on different methods of Financial Analysis.

(6 × 4 = 24 Marks)

PART D: Answer any two questions. Each carries 15 marks.

29. Define Management Accounting. State its objectives and importance. How it differs from Financial Accounting?

30. ABC Ltd. produces and sells two products A and B. The cost and sales data are given as:

	Product A(Rs.)	Product B (Rs.)
Selling price	20	30
Direct material	10	15
Direct labour	4	5

Fixed overheads Rs.1200

Variable overheads are absorbed at 50% of the direct labour.

The proposed sales mix is:

- a). 100 units of A and 200 units of B
- b). 150 units of A and 150 units of B
- c). 200 units of A and 100 units of B.

Recommend which of the above sales mix the company should adopt.

31. From the following information you are asked to prepare a Balance sheet:

Current liabilities Rs. 100000

Reserves and surplus Rs. 50000

Bills payable Rs 40000

Debtors Rs. 35000

Current ratio 1.75

Acid test ratio 1.15

Fixed assets to proprietors fund 0.75

Ratio of fixed assets to current assets 3.

(2 × 15 = 30 Marks)