

FIFTH SEMESTER UG DEGREE EXAMINATION, NOVEMBER 2022

(Regular/Improvement/Supplementary)

B.Com Professional

GBCP5B19T: ACCOUNTING FOR MANAGERIAL DECISIONS

Time: 3 Hours

Maximum Marks: 80

PART A: Answer all the questions. Each question carries one mark.

Choose the correct answer.

- Schedule of changes in working capital is prepared underanalysis.
A) Cash flow B) Fund flow C) Trend D) Ratio
- Vertical analysis is also called.....
A) Structural analysis B) Horizontal analysis
C) Trend analysis D) Qualitative analysis
- Which of the following cost does not affect the decisions under the technique of marginal costing?
A) Variable cost B) Total cost C) Fixed cost D) None of these
- Which of the following expresses the relationship between dividend per share and the market price per share?
A) Price earning ratio B) Earnings per share
C) Dividend payout ratio D) Dividend yield ratio
- Which of the following is not a classification of cash flows for the preparation of cash flow statement?
A) Operating activities B) Investing activities
C) Capitalising activities D) Financing activities

Fill in the Blanks.

- accounting is helpful for arriving at managerial decisions.
- Decrease in working capital is treated as a of funds.
- Statement of sources and application of fund is called
- analysis is done by people outside the firm.
- CVP analysis stands for analysis. (10 × 1 = 10 Marks)

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

- State the meaning of management reporting.
- What is common size financial statement?
- State any four characteristics of management accounting.
- What do you mean by fund flow statement?
- Following are the extracts from the balance sheets of a company as on 31st December 2020 and 2021. You are required to calculate funds from operations.

	2020	2021
P&L Appropriation Account	900000	1200000
General Reserve	600000	750000
Goodwill	300000	150000
Preliminary expenses	180000	120000
Provision for depreciation on machinery	300000	360000

16. Discuss the concepts of current and non-current assets
17. What is financial analysis?
18. What is contribution? How it is calculated?
19. What is a break-even chart?
20. Calculate profit from the following information using marginal cost technique

Fixed Cost	Rs. 2,50,000
Variable Cost	Rs. 10 per unit
Selling Price	Rs. 15 per unit
Output level	75,000 units

(8 × 2 = 16 Marks)

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

21. What are the limitations of Management accounting?
22. Narrate the difference between Cost Accounting and Management Accounting
23. Following are the income statements of a company for the years ending December 31st 2020 and 2021. Prepare common size income statement.

	2020(In thousands)	2021(In thousands)
Sales	500	700
Miscellaneous income	20	15
Total	520	715
Expenses :		
Cost of sales	325	510
Office Expense	20	25
Selling Expense	30	45
Interest	25	30
	400	610
Net Profit	120	105
Total	520	715

24. Discuss the various techniques of financial analysis.
25. Current ratio 2.5
Liquid ratio 1.5
Working capital Rs. 60,000
Calculate: (a) Current liabilities (b) Current assets (c) Liquid assets (d) Stock
26. Explain the significance of fund flow statement.
27. The following data are available from the records of a company.
Sales Rs. 60,000
Variable cost Rs. 30,000
Fixed cost Rs. 15,000
(a) Calculate P/V ratio, BEP and MOS at this level.
(b) Calculate the effect of 10% increase in sale price
(c) Calculate the effect of 10% decrease in sale price

28. From the following balance sheets of East West Trade Links Ltd. prepare schedule of changes in working capital.

Balance Sheets as on 31st December

Liabilities	2020	2021	Assets	2020	2021
Share capital:			Land and buildings	1,20,000	1,00,000
Equity shares	2,20,000	2,40,000	Plant and machinery	60,000	1,00,000
10% Preference shares		60,000	Debtors	80,000	96,000
General Reserve	8,000	8,000	Stock	1,20,000	1,40,000
P&L A/C	4,000	4,800	Bank	4,800	14,000
9% Debentures	24,000	28,000	Cash	1,200	2,000
Provision for taxation	12,000	16,800			
Proposed dividend	20,000	23,200			
Current liabilities	98,000	71,200			
	3,86,000	4,52,000		3,86,000	4,52,000

(6 × 4 = 24 Marks)

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

29. Define marginal costing. Explain the various practical applications of marginal costing
 30. Anu and Aru Ltd. had the following figures on 1st January 2021. Prepare cash flow statement

	Rs.
Fixed assets	300000
Less: Depreciation	105000
	195000
Bank balance	17500
Other current assets	125000
Capital (Shares of Rs. 10 each)	150000
Current liabilities	50000

The company made the following estimates for the year 2021.

The profit would be Rs. 27,500 after depreciation of Rs. 30,000.

The company will pay a dividend of Rs. 20,000 for the year 2021.

The company will acquire fixed assets costing Rs. 50,000 after selling one machine for Rs. 10,000 costing Rs. 25,000 and on which depreciation provided amounts to Rs. 17,500.

The current assets and current liabilities other than bank balance at the end of 2021 are expected to be Rs. 1,47,500 and Rs. 1,15,000 respectively.

(PTO)

31. Following are the P&L and Balance sheet of Mr. Pradeep Ltd.

P&L Account

Particulars	Amount	Particulars	Amount
To opening stock	9,950	By sales	85,000
To purchases	54,525	By closing stock	14,900
To incidental expense	1,425		
To Gross profit C/F	34,000		
	99,900		99,900
To operating expenses:		By Gross profit B/F	34,000
Selling 3,000		By non operating income:	
Administration 15,000		Interest 300	
Finance <u>1,500</u>	19,500	Profit on sale of shares <u>600</u>	900
To non operating expenses:			
Loss on sale of asset	400		
To Net Profit	15,000		
	34,900		34,900

Balance Sheet

Liabilities	Amount	Assets	Amount
Issued capital:		Land and building	15,000
2,000 equity shares of Rs.10 each	20,000	Plant and Machinery	8,000
Reserves	9,000	Stock in trade	14,900
Current liabilities	13,000	Debtors	7,100
P&L A/C	6,000	Cash and bank	3,000
	48,000		48,000

- Calculate: (a) Current ratio (b) Operating ratio
(c) Stock turnover (d) Return on total resources
(e) Turnover of fixed assets

(2 × 15 = 30 Marks)