

FIFTH SEMESTER UG DEGREE EXAMINATION, NOVEMBER 2024**(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.**

1. Any form of accounting which enables a business to be conducted more efficiently can be regarded as:
A) Financial accounting. B) Cost Accounting.
C) Management accounting. D) Business accounting.
2. Which of the following analysis is made by those who do not have access to the detailed accounting records of the company?
A) External analysis. B) Internal analysis.
C) Horizontal analysis. D) Vertical analysis.
3. Which of the following is prepared to find out the increase or decrease in working capital?
A) Statement of sources and application of fund. B) Cash flow statement.
C) Fund flow statement. D) Schedule of changes in working capital.
4. Cash flow statement is prepared under accounting standard.
A) AS 4 B) AS 3 C) AS 2 D) AS 1
5. Actual sales minus break even sales is equal to
A) P/V Ratio. B) Profit. C) Contribution. D) Margin of Safety.

Fill in the Blanks.

6. ____ is the process of determining the significant operating and financial characteristics of a firm using accounting data.
7. Debt-service ratio is also called _____.
8. Profit earned during the current year is deemed to be a source of fund, called _____.
9. Cash receipts from the sale of goods is a cash flow from _____ activities.
10. A business is said to be at break even when its total sales are equal to its _____.

(10 × 1 = 10 Marks)**(PTO)**

Part B. Answer any *eight* questions. Each question carries *two* marks.

11. State the characteristics of Management Accounting.
12. 'The scope of Management Accounting is very wide'. Comment.
13. Who are the parties interested in financial analysis?
14. State the utility of trend analysis.
15. What are the uses of fund flow statement?
16. Discuss the steps for preparing cash flow statement.
17. Differentiate between cash flow statement and fund flow statement.
18. What are the assumptions of break-even analysis?
19. Calculate current assets and current liabilities from the following information:

- (i) Current ratio 2.5
- (ii) Working capital Rs. 90,000

20. Calculate gross profit ratio using the following data:

- | | |
|--------------------|--------------|
| Total sales | Rs. 5,20,000 |
| Sales returns | Rs. 20,000 |
| Cost of goods sold | Rs. 4,00,000 |

(8 × 2 = 16 Marks)

Part C. Answer any *six* questions. Each question carries *four* marks.

21. Distinguish between Management Accounting and Cost Accounting.
22. Discuss the recent trends in management reporting.
23. Enumerate the various methods of financial analysis.
24. From the following information, interpret the results of operations using trend ratios.

	For the year ended 31 st March			
	2024	2023	2022	2021
Sales	13,000	12,000	9,500	10,000
Cost of goods sold	7,280	6,960	5,890	6,000
Operating profit	5,720	5,040	3,610	4,000
Selling expenses	1,200	1,100	970	1,000
Net operating profit	4,520	3,940	2,640	3,000

25. For each of the following items, state how it should be reported in the cash flow statement for the year:

- (i) Issue of 50,000 equity shares of Rs.100 each at a premium of Rs. 3 per share.
- (ii) Purchase of equipment for Rs. 3,00,000.
- (iii) Sale of equipment for Rs.1,00,000 (Book value Rs.1,20,000).
- (iv) Declared and paid dividend Rs. 1,50,000.
- (v) Interest received from investments Rs. 30,000.

26. Calculate funds from operations from the following P&L Account of M/S Amrita & Company.

Profit & Loss Account

To Salaries	10,000	By Gross Profit	2,00,000
To Rent	3,000	By Profit on Sale of Machine	5,000
To Commission	2,000	By Refund of Tax	3,000
To Discount Allowed	1,000	By Dividends Received	2,000
To Provision for doubtful debts	14,000		
To Transfer to General Reserve	20,000		
To Provision for Tax	10,000		
To Loss on Sale of Investments	5,000		
To Discount on Issue of Debentures	2,000		
To Preliminary Expenses	3,000		
To Selling Expenses	20,000		
To Net Profit	1,20,000		
	2,10,000		2,10,000

27. From the following information calculate (a) Contribution (b) P/V ratio (c) BEP in units and (d) BEP in rupees.

Fixed expenses	Rs. 1,50,000
Variable cost per unit	Rs. 10
Selling price per unit	Rs. 15

28. AB Ltd. produced and sold 1,000 cycles. The cost structure of each cycle is as follows:

Sale price	Rs.500
Materials	Rs.100
Labour	Rs.50
Variable overheads	Rs.25
Fixed overheads	Rs.200

Due to heavy competition, the price has to be reduced to Rs.425 for the next year. Assuming that there is no change in costs, find out how many cycles shall be sold to ensure the same amount of total profit in the last year.

(6 × 4 = 24 Marks)

Part D. Answer any two questions. Each carries fifteen marks.

29. Define marginal costing. Explain the various areas of decision making where the technique of marginal costing can be applied.

(PTO)

30. X Ltd. gives you the following balance sheet for the year ending December 2023.

Balance Sheet

Liabilities	Rs.	Assets	Rs.
Equity Capital (20,000 shares of Rs.10 each)	2,00,000	Goodwill	50,000
Preference Share Capital (5,000 shares of Rs. 20 each)	1,00,000	Plant & Machinery	2,50,000
Reserve Fund	50,000	Furniture & Fittings	70,000
Dividend Equalisation Fund	60,000	Trade Investments	1,50,000
P&LA/C	40,000	Cash	20,000
5% Debentures	1,50,000	Sundry Debtors	1,25,000
7% Mortgage Loan	70,000	Bills Receivable	65,000
Sundry Creditors	50,000	Advance Tax	20,000
Bank Overdraft	30,000		
	7,50,000		7,50,000

Calculate:

- (a) Debt-Equity Ratio. (b) Funded Debt to Total Capitalisation.
(c) Proprietary Ratio. (d) Solvency Ratio.
(e) Fixed Asset to Net Worth Ratio. (f) Current Asset to Proprietors' Fund Ratio.

31. Following are the summarised balance sheets of B Ltd. on 31st December 2023 and 2024.

Assets	2023	2024	Liabilities	2023	2024
Fixed Assets	4,00,000	3,20,000	Share Capital	4,50,000	4,50,000
Investments	50,000	60,000	General Reserve	3,00,000	3,10,000
Stock	2,40,000	2,10,000	P&L A/C	56,000	68,000
Debtors	2,10,000	4,55,000	Creditors	1,68,000	1,34,000
Bank	1,49,000	1,97,000	Provision for Tax	75,000	10,000
			Loan(ST)	-----	2,70,000
	10,49,000	12,42,000		10,49,000	12,42,000

Additional Information:

- (a) Investments costing Rs. 8,000 were sold during the year 2024 for Rs. 8,500.
(b) Provision for tax made during the year 2024 was Rs. 9,000.
(c) During the year 2024, a part of fixed assets having book value of Rs. 10,000 was sold for Rs. 12,000.
(d) Dividend paid during the year 2024 amounted to Rs. 40,000.

Prepare fund flow statement for the year 2024.

(2 × 15 = 30 Marks)