

D5BHC2201

(PAGES: 4)

Reg. No.....

Name: .....

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

**B. Com. HONOURS**

**GBCH5B20T: ACCOUNTING FOR MANAGERIAL DECISION MAKING**

**Time: 3 hours**

**Maximum Marks: 80**

**Part A. Answer all the questions. Each question carries one mark.**

**Choose the correct answer:**

1. Management accounting is an offshoot of .....  
A) Financial accounting.                      B) Cost accounting.  
C) Cost and inflation accounting.        D) Both A and B.
2. When financial statements for a number of years are reviewed and analysed, the analysis is known as.....  
A) Vertical Analysis.                          B) Internal Analysis.  
C) Horizontal Analysis.                      D) None of these.
3. Capital Gearing Ratio is one of the .....  
A) Liquidity Ratio.                          B) Leverage Ratio.  
C) Profitability Ratio.                      D) None of these.
4. When Fixed cost is deducted from contribution, the balance will be.....  
A) Variable cost.                              B) Profit.  
C) Total cost.                                  D) Sales.
5. Sale of Long-term investment indicates.....  
A) Long term impact in investment.      B) Source of funds.  
C) Application funds.                        D) Changes in current income.

**Fill in the Blanks:**

6. Management accounting provides alternative choices for managerial .....
7. Comparison of financial variables of a firm over a period of time is known as.....
8. Debtors Turnover Ratio is also known as.....
9. Issue of shares or debentures is a ..... of fund.
10. .... is a graphic representation of CVP analysis.

**(10 × 1 = 10 Marks)**

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

11. What is Intra firm analysis?
12. What is comparative financial statement?
13. What is Angle of incidence?
14. Define Management Accounting.

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15. List out Liquidity Ratios.

16. Calculate P/V ratio.

Contribution	Rs. 80,000
Variable cost	Rs. 1,20,000
Sales	Rs. 2,00,000

17. What is Cash flow statement?

18. What do you mean by Application of funds?

19. The quick ratio of a company is 1.5:1, if working capital is Rs. 10,000 calculate value of current liability.

20. State any two functions of management accounting.

(8 × 2 =16 Marks)

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

21. If Current ratio is 2.5:1, Liquid ratio is 1.5:1 and working capital is Rs. 60,000; Calculate

- a) Current assets
- b) Current Liabilities
- c) Liquid Assets
- d) Inventory

22. A manufacturing company produced 10,000 units during the month of July 2020. Direct materials cost Rs. 10,000, Direct labour amounted to Rs.1000 and variable overhead Rs. 2000. Fixed overhead for the current financial year were estimated at Rs. 24,000. The whole production was sold at Rs.2 per unit. Prepare a statement showing marginal cost and Profit or loss for the month and calculate break-even point.

23. Following are the extracts from the Balance sheet of ABC &Co Ltd as on 31<sup>st</sup> December 2021 and 2022. Compute Fund from operations:

Particulars	2021 (Rs.)	2022 (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

24. From the following balances calculate cash from operating activities:

	31-12-2022 (Rs.)	31-12-2023 (Rs.)
Stock	60,000	50,000
Debtors	25,000	23,000
Creditors	32,000	28,000
Outstanding expenses	3,500	4,500
Bills Payable	35,000	22,000
Accrued income	8,000	9,000
P/L A/c	80,000	90,000

25. From the following information, Prepare a comparative income statement:

	2020 (Rs.)	2021 (Rs.)
Sales	6,00,000	5,00,000
Cost of goods sold	4,00,000	3,00,000
Administrative, selling and distribution expenses		
Other income	1,20,000	90,000
Income tax	40,000	30,000
	70,000	80,000

26. Explain the Limitations of Management accounting.

27. What is financial analysis? Explain various tools used for financial analysis.

28. How does a cash flow statement differ from a fund flow statement?:-

(6 × 4 = 24 Marks)

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

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29. The following are the ratios relating to the activities of National Traders Limited:

Stock Velocity	6 months
Creditors Velocity	2 months
Debtors Velocity	3 months
Gross Profit Ratio	25%

Gross Profit for the year ended 31<sup>st</sup> Dec, 2020 amount to Rs. 4,00,000. Closing stock of the year is Rs. 10,000 above the opening stock. Bills receivable amount to Rs. 25,000 and bills payable to Rs. 10,000.

Find out:

a) Sales b) Purchases c) Sundry Creditors d) Sundry Debtors e) Closing Stock.

(PTO)

30. The following are the comparative balance sheet of XYZ Ltd. as on 31<sup>st</sup> December 2020:

Liabilities	2020 (Rs.)	2021 (Rs.)	Assets	2020 (Rs.)	2021 (Rs.)
Share capital	3,50,000	3,70,000	Land	1,00,000	1,50,000
9% Debentures	60,000	30,000	Stock	2,46,000	2,13,500
Profit and Loss A/c	50400	52800	Goodwill	50,000	25,000
Creditors	51600	59,200	Cash and Bank	42,000	35,000
			Temporary investment	3,000	4,000
			Debtors	71,000	84,500
				5,12,000	5,12,000

*Additional information:*

- Dividends declared and paid during the year Rs. 17,500.
  - Land was revalued during the year to Rs. 1,50,000 and profit on revaluation transferred to profit and loss account.
- You are required to prepare a Cash Flow Statement for the ended 31-12-2021.

31. Define Marginal costing. Explain the technique of marginal costing and state its importance in decision making.

**(2 × 15 = 30 Marks)**