

31. From the following data, find out liquidity ratios & solvency ratio and interpret about the liquidity and solvency positions of the company. (Hint: You need to calculate (i) Current ratio, (ii) Quick ratio, (iii) Debt-Equity ratio, (iv) Capital gearing ratio, (v) Debt-Total assets ratio, (vi) Proprietary ratio.

Liabilities	Rs.	Assets	Rs.
Equity capital	2,50,000	Land & Building	1,00,000
Preference Capital	50,000	Plant	66,000
Debentures	30,000	Furniture	45,000
Long term loan	50,000	Machinery	34,000
General Reserve	12,000	Motor Car	1,50,000
Profit & Loss A/c	18,000	Short term investment	15,000
Short term loan	5,000	Debtors	13,000
Outstanding Salary	1,000	Stock	7,000
Rent Outstanding	1,000	Prepaid Insurance	3,000
Bills payable	7,000	Prepaid other expense	2,000
Creditors	2,000		
Bank Overdraft	9,000		
Total	4,35,000	Total	4,35,000

Sales	11,00,000
LESS – Cost of Goods sold	6,50,000
Gross Profit	4,50,000
LESS – Operating Expenses:	
Advertisement	45,000
Selling Expenses	1,00,000
Total Operating Expenses	1,45,000
Operating Income	3,05,000
Other Expenses:	
Interest Paid	-25,000
Other income:	
Interest received	12,000
PBT	2,92,000
LESS - Tax	73,000
PAT / Net Profit	2,19,000

(2 × 15 = 30 Marks)

(4)

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(Pages: 4)

Name:

Reg. No.....

FIFTH SEMESTER B.Com. PROFESSIONAL DEGREE EXAMINATION, NOV. 2023

(CUCBCSS-UG)

(Regular/Supplementary/Improvement)

CC17U BCP5 B19 – ACCOUNTING FOR MANAGERIAL DECISIONS

(Core Course)

(2017 Admission onwards)

Time: Three Hours

Maximum: 80 Marks

Part A

Answer *all* questions. Each question carries 1 mark.

Choose the correct answer:

- Management accounting is related to:
 - Mere recording of transactions
 - Preparation of final accounts
 - Cost management
 - Aiding management in decision making
- Proposed dividend comes under:
 - Cash from financing activity
 - Cash from investing activity
 - Cash from operating activity
 - Cash from savings activity
- Which of the following cost changes according to the level of output?
 - Fixed Cost
 - Variable cost
 - Interest cost
 - Depreciation
- Which of the following ratio depict the long-term ability of repayment of capital?
 - Current Ratio
 - Debt-Equity ratio
 - Net profit ratio
 - Operating ratio
- Comparative financial statement is also known as:
 - Vertical analysis
 - Income statement
 - Balance sheet
 - Horizontal analysis

Fill in the blanks:

- Contribution minus fixed cost is equal to
- ratio depicts the relationship between long term debts and equity capital.
- Common size income statement is also known as
- cost remains unchanged even when the level of output changes.
- A company acquired machines worth Rs. 25,000 in 2022. The opening balance of machine a/c was Rs. 10,000 and closing balance was Rs. 30,000. The depreciation would be

(10 × 1 = 10 Marks)

Part B (Short Answer Questions)

Answer any *eight* questions. Each question carries 2 marks.

- Write any four features of management accounting.
- Define fund flow statement.

(1)

Turn Over

13. What are the uses of liquidity ratios?
14. Write any two uses of financial statement analysis.
15. Current Ratio = 2:1; Quick Ratio is 1:1. Working capital is 80,000. Find out Current Assets and current liabilities.
16. Sales is Rs. 25,000. Fixed cost is Rs. 4,000. Variable cost is Rs. 5,000. Find P/V ratio.
17. What do you mean by cash from operating activities?
18. What is the difference between debt-equity ratio & Capital gearing ratio?
19. Differentiate between fixed cost and variable cost. How is it different from contribution?
20. Fixed cost is Rs. 5,000 and profit is Rs. 7,000. Sales amounts to Rs. 20,000. What is the Profit Volume ratio?

(8 × 2 = 16 Marks)

Part C

Answer any **six** questions. Each question carries 4 marks.

21. Explain the nature and scope of management accounting
22. Differentiate between cash flow statement and fund flow statement
23. What are the uses of comparative and common size statements?
24. Explain the concept of CVP analysis in managerial decision making
25. Prepare statement of changes in working capital from the following information:

Liabilities	2021	2022	Assets	2021	2022
Creditors	25,000	27,500	Cash in hand	12,000	18,000
Bills Payable	2,500	2,000	Short term investments	22,000	30,000
Bank OD	7,000	7,500	Bills receivable	4,500	6,000
Long term Loan	21,500	25,000	Debtors	6,500	6,000
Share Capital	45,000	56,000	Plant	68,000	66,000
Debentures	12,000	8,000			
Total	1,13,000	1,26,000	Total	1,13,000	1,26,000

26. Ramesh Ltd. has provided you with the following details from April 01, 2022 to March 31, 2023. Find out inventory turnover ratio & Debtors' turnover ratio and interpret both. Also find out the average collection period in days.
 - i. Stock as on 1.4.22 – Rs. 45,000
 - ii. Stock as on 31.3.23 – Rs. 40,000
 - iii. Total sales – Rs. 20,20,000
 - iv. Gross Profit – Rs. 7,50,000
 - v. Cash sales – Rs. 2,40,000
 - vi. Debtors – Rs. 4,50,000

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27. The following table depicts the sales and profit for two periods.

Year	Sales (Rs.)	Profit (Rs.)
Period I	1,20,000	9,000
Period II	1,40,000	13,000

You are required to find out the following:

- P/V Ratio
- Break Even Sales
- Profit when sales are Rs. 1,00,000
- Sales needed to earn profit of Rs. 20,000

28. Prepare a common size income statement from the following data:

	31 st March 2022	31 st March 2023
Sales	10,00,000	8,00,000
Cost of Goods Sold	6,00,000	4,00,000
Adm. Selling, Distribution expenses	2,00,000	1,40,000
Other Income	40,000	20,000
Income Tax	1,20,000	1,40,000

(6 × 4 = 24 Marks)

Part D

Answer any **two** questions. Each Question carries 15 marks.

29. "Management accounting is not only mere recording of transactions; but also related to decision making and management reporting". Elucidate the statement by explaining the nature, features and uses of management accounting and management reporting.
30. Prepare a cash flow statement from the following information:

Liabilities	2009	2010	Assets	2009	2010
Equity share capital	3,00,000	3,50,000	Land & Building	2,30,000	3,90,000
Share Premium		30,000	Plant & Machine	85,400	1,40,000
General Reserve	45,000	65,000	Furniture	5,500	6,500
Profit & Loss A/C	30,000	80,800	Stock	82,400	95,700
6% Debentures		70,000	Debtors	75,000	85,500
Creditors	85,000	90,700	Bank Balance	34,200	44,300
Provision for Tax	22,500	40,500			
Proposed Dividend	30,000	35,000			
Total	5,12,500	7,62,000	Total	5,12,500	7,62,000

Further information:

- Depreciation: - Land & Building – Rs. 60,000
 - Plant and machine – Rs. 50,000
 - Furniture – Rs. 1,200

N.B: Last year (2009) provision for tax is paid this year (2010).

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Turn Over