

28. A manufacturing company finds that while the cost of making a component part is Rs.10, the same is available in the market at Rs.9 with an assurance of continuous supply. Give your suggestion whether to make or buy this component. Give also your views in case the supplier reduces the price from Rs.9 to Rs.8. The cost information is as follows:

	Rs	
Materials	3.50	
Direct Labour	4.00	
Other Variable Expenses	1.00	
Fixed Expenses	1.50	<b>(6 x 4 = 24 Marks)</b>

**Part D**

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

29. Explain the technique of marginal costing and state its importance in decision making  
 30. From the following information, you are required to prepare the Balance Sheet given below:

Gross Profit (20% on sales)	...	Rs.60,000
Share holders' equity	...	Rs.50,000
Credit sales to total sales	...	80%
Total assets turn over	...	3 times
Inventory Turnover (to cost of sales)	...	8 times
Average collection period (year = 360 days)	...	18 days
Current ratio	...	1.6:1
Long term debt to equity	...	40%

**Balance Sheet as on**

	Rs.		Rs.
Creditors	?	Cash	?
Long term debts	?	Debtors	?
Share holders fund	?	Inventory	?
		Fixed Assets	?
	<u>?</u>		<u>?</u>

31. From the following balance sheets of A Ltd make out the statement of cash flow:

Liabilities	2015	2016	Assets	2015	2016
Share Capital	4,50,000	5,00,000	Goodwill	1,15,000	90,000
General Reserve	40,000	70,000	Buildings	2,00,000	1,70,000
Profit & Loss A/c	30,000	48,000	Plant	80,000	2,00,000
Proposed Dividend	42,000	50,000	Debtors	1,60,000	2,00,000
Creditors	55,000	83,000	Stock	77,000	1,09,000
Bills Payable	20,000	16,000	Bills Receivable	20,000	30,000
Provision for Tax	40,000	50,000	Cash & Bank	25,000	18,000
	6,77,000	8,17,000		6,77,000	8,17,000

Additional information:

- (i) Depreciations of Rs.10,000 and Rs.20,000 have been charged on Plant and Buildings respectively  
 (ii) An interim dividend of Rs.20,000 has been paid in 2016.  
 (iii) Income Tax of Rs.35,000 was paid during the year 2016.

**(2 x 15 = 30 Marks)**

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**16U572**

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Name: .....

Reg. No.....

**FIFTH SEMESTER B.Com./BBA DEGREE EXAMINATION, NOVEMBER 2018**

(CUCBCSS-UG)

**CC15U BC5 B07 / CC15U BB5 B07 - ACCOUNTING FOR MANAGEMENT**

(Commerce and Business Administration - Core Course)

(2015 Admission onwards)

Time: Three Hours

Maximum: 80 Marks

**Part A**

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

(A) Fill in the blanks:

- Activity Ratios help the management in .....
- Credit purchases made by the company ..... the liquidity ratio.
- Collection of book debts does not result in ..... of funds.
- Contribution is also known as .....
- ..... is a statement which describes inflows and outflows of cash equivalents.

(B) Multiple choice:

- Interest received in the case of a manufacturing enterprise should be classified as cash flow from  
 (a) Operating (b) Financing (c) Investing (d) Both (b) and (c)
- The primary object of current ratio is to measure:  
 (a) The use of debt (b) The effectiveness of working capital  
 (c) The liquidity (d) None of these.
- ..... are statements in which items are converted into percentages taking some common base  
 (a) Comparative statements (b) Common size statements  
 (c) Trend analysis. (d) None.
- The primary function of Management Accounting is to:  
 (a) Record business transactions  
 (b) Interpret the financial data  
 (c) Assist the management in performing its functions effectively  
 (d) Assist tax authorities
- Cash flow statement is based upon ..... of accounting  
 (a) Double Entry System (b) Accrual System  
 (c) Cash System (d) All of these.

**(10 x 1 = 10 Marks)**

**Part B**

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

- What is horizontal analysis?
- What is Price Earnings Ratio?

(1)

**Turn Over**

- 13. What is window dressing?
- 14. What do you mean by the term 'fund' in fund flow statement?
- 15. What is Leverage Ratio?
- 16. From the following information ascertain the average payment period:  
Total Sales Rs. 3,00,000; Sales Return Rs.50,000; Gross Profit on sales 20%;  
Opening Stock Rs.20,000; Closing Stock Rs.30,000; Creditors (closing) Rs.50,000

17. Determine the value of closing stock from the following details:

Sales	Rs.8,00,000
G/P Ratio	10% on sales
Stock velocity	4 times

Closing Stock was Rs.20,000 in excess of opening stock.

18. The following information is available from a Company:

Fixed Cost	...	Rs. 60,000
Sales	...	Rs. 2,00,000
Variable Cost	...	Rs. 1,50,000

How much sales must be increased to break even?

19. Calculate Margin of Safety from the following information:

Fixed costs Rs.75,000; Sales Rs.3,00,000; Direct materials Rs.1,00,000; Direct labour Rs. 60,000 and Direct expenses Rs.40,000

20. Find out Current Assets when Current Ratio is 2.8 and Working Capital is Rs.90,000

(8 x 2 = 16 Marks)

**Part C**

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

- 21. What are limitations of ratio analysis?
- 23. What is meant by cash from operation? How it is calculated?
- 24. Prepare a statement showing net changes in working capital of the business from the following information:

Particulars	Year 2014	Year 2015
<i>Assets:</i>		
Land & Buildings	50,000	50,000
Plant	24,000	34,000
Inventory	9,000	7,000
Accounts Receivable	16,500	19,500
Cash	4,000	9,000
<i>Liabilities:</i>		
Capital	80,000	85,000
Retained Earnings	14,500	24,500
Accounts Payable	9,000	5,000
Mortgage	---	5,000

(2)

25. Calculate funds from operation from the following:

	2015	2016
	Rs.	Rs.
P&L A/c	12,000	14,000
Reserve Fund	4,000	6,000
Accumulated Depreciation	12,000	14,000
Accrued Expenses	2,000	1,200
Goodwill	8,000	4,000
Accounts Receivable	16,000	14,000
Accounts payables	12,000	16,000

25. From the following information, calculate Return on Equity Capital:

	Rs.
10,000 Equity shares of Rs.10 each Rs.8 paid	80,000
11% 5,000 Preference Shares of Rs.20 each	1,00,000
Profit before tax	80,000
Rate of Tax	50%

26. From the following information, calculate:

- (i) P/V Ratio.
- (ii) Profit when sales are Rs.20,000
- (iii) New BEP, if selling price is reduced by 20%

Fixed expenses	Rs.4,000
Break Even Sales	Rs.10,000

27. From the following particulars, prepare funds flow statement:

	Jan 1	Dec 31
Cash	2,000	1,800
Debtors	17,500	19,200
Stock	12,500	11,000
Land	10,000	15,000
Building	25,000	27,500
Machinery	40,000	43,000
	<u>1,07,000</u>	<u>1,17,500</u>
Creditors	18,000	20,500
Bank loan (Long-term)	15,000	22,500
Capital	74,000	74,500
	<u>1,07,000</u>	<u>1,17,500</u>

During the year drawings by the proprietor for personal use amounted to Rs:13,000

Provision for depreciation on machinery stood at Rs: 13,500 on Jan 1 and Rs: 18,000 on Dec 31.

(3)

**Turn Over**

