| Liabilities: |  |  |
| :--- | ---: | ---: |
| Creditors | $1,80,000$ | $2,05,000$ |
| Bank loan (long term) | $1,50,000$ | $2,25,000$ |
| Capital | $7,40,000$ | $7,45,000$ |
|  | $\mathbf{1 0 , 7 0 , 0 0 0}$ | $\mathbf{1 1 , 7 5 , 0 0 0}$ |

During the year, drawings by the proprietor for personal use amounted to Rs. 1,50,000. Provision for depreciation on machinery stood at Rs. $1,35,000$ on January $1^{\text {st }}$ and at Rs. $1,80,000$ on $31^{\text {st }}$ December.
31. Assuming that the cost structure and selling price remains the same in year I and year II, find out
a) $\mathrm{P} / \mathrm{V}$ ratio
b) Break even sales
c) Break even units
d) Profit when sales are Rs. 2,00,000
e) Sales required to earn a profit of Rs. 40,000
f Margin of safety in two periods

| Period | Sales | Profit |
| :---: | :---: | :---: |
| I year | $2,40,000$ | 18,000 |
| II year | $2,80,000$ | 26,000 |

( $2 \times 15=30$ Marks)

## FIFTH SEMESTER B.Com. PROFESSIONAL. DEGREE EXAMINATION, NOV. 2020

 (CUCBCSS-UG)
## (Regular/Supplementary/Improvement)

CC17U BCP5 B01 - ACCOUNTING FOR MANAGERIAL DECISIONS
(Core Course)
(2017 Admission onwards)

## Part A

Answer all questions. Each question carries 1 mark.
A. Choose the correct answer:

1. The use of management accounting is:
a) Compulsory
b) Obligatory
c) Optional
d) None of these
2. Depreciation of machinery is:
a) Source of funds
b) Application of funds
c) None of these
d) None of these
3. If PV ratio is $40 \%$ and sales value is Rs. 10,000 , the variable cost will be
a) 4,000
b) 6,000
c) 5,000
d) None of these
4. A statement in which each asset is shown as a percentage of total assets and each liability and capital is shown as percentage of total liability is known as:-
a) Comparative balance sheet
b) Common size balance sheet
c) Trend percentages
d) None of these
5. Total fixed cost is equal to total contribution, profit will be:-
a) Positive
b) Negative
c) Zero
d) None of these
B. Fill in the blanks:
6. Liquid ratio is also known as $\qquad$ -
7. Preparation of financial statements is necessary under $\qquad$ law.
8. Issue of capital will mean $\qquad$ in working capital.
9. Contribution minus fixed cost is equal to $\qquad$ —
10. The $\qquad$ costing technique helps in decision making and also in controlling cost. .
( $10 \times 1$ = 10 Marks)

## Part B

Answer any eight questions. Each question carries 2 marks.
11. Describe the term "capital employed".
12. State any two limitations of cash flow statement.
13. How is margin of safety calculated?
14. Write a brief note on cost volume-profit analysis
15. What is the scope of management accounting?
16. Compare horizontal and vertical analysis.
17. What is debt equity ratio?
18. What do you mean by cash flow statement?
19. What is contribution?
20. What is working capital?

## ( $8 \times 2=16$ Marks )

## Part C

Answer any six questions. Each question carries 4 marks
21. Distinguish between fund flow statement and cash flow statement.
22. What are the importance of management accounting?
23. What are the objectives and importance of financial statement analysis?
24. What are the advantages of marginal costing?
25. From the following data, prepare a comparative statement of profit and loss

|  | $31 / 03 / 2016$ | $31 / 03 / 2015$ |
| :--- | ---: | ---: |
| Revenue from operations | $40,00,000$ | $30,00,000$ |
| Cost of material consumed (\% of revenue from operation) | $60 \%$ | $70 \%$ |
| Employee benefit expenses | $5,00,000$ | $2,00,000$ |
| Income tax rate | $40 \%$ | $40 \%$ |

26. From the following information, calculate:
a) Return on capital employed

| Liabilities | Amount | Assets | Amount |
| :--- | ---: | :--- | ---: |
| Share capital | $2,00,000$ | Fixed assets | $16,00,000$ |
| Reserves | $4,00,000$ | Current assets | $4,00,000$ |
| $10 \%$ Debentures | $12,00,000$ |  |  |
| Creditors | $2,00,000$ |  |  |
|  | $20,00,000$ |  | $20,00,000$ |

Profit before tax is
Rs. 2,40,000
Tax rate
40\%
27. You are required to calculate breakeven sales from the following data.
Profit
Rs. 5,000 (20\% of sales)
P V Ratio
50\%
28. After taking into account the under mentioned items Ganga Ltd. Made a net profit of Rs $2,00,000$ for the year ended $31^{\text {st }}$ December 2018

|  | Rs. |
| :--- | ---: |
| Loss on sale of machinery | 20,000 |
| Depreciation on building | 8,000 |
| Depreciation on machinery | 10,000 |
| Preliminary expenses written off | 10,000 |
| Provision for tax | 20,000 |
| Goodwill written off | 10,000 |
| Gain on sale of machinery | 16,000 |

Find out cash from operation.
( $6 \times 4$ = 24 Marks)

## Part D

Answer any two questions. Each question carries 15 marks
29. With the help of the following ratios draw the balance sheet of the company as on 31/03/2016.

| Current ratio | $2.5: 1$ |
| :--- | :--- |
| Liquidity ratio | $1.5: 1$ |
| Net working capital | $3,00,000$ |
| Stock turnover ratio (cost of sales/closing stock) | 6 times |
| Gross profit ratio | $20 \%$ |
| Fixed asset turnover ratio (on cost of sales) | 2 times |
| Debt collection period | 2 months |
| Fixed asset to shareholder net worth | 0.80 |
| Reserve \& surplus to capital | 0.50 |

30. From the following particulars, prepare a fund flow statement.

|  | JAN 1 | DEC 31 |
| :--- | ---: | ---: |
| Assets: |  |  |
| Cash | 20,000 | 18,000 |
| Debtors | $1,75,000$ | $1,92,000$ |
| Stock | $1,25,000$ | $1,10,000$ |
| Land | $1,00,000$ | $1,50,000$ |
| Building | $2,50,000$ | $2,75,000$ |
| Machinery | $4,00,000$ | $4,30,000$ |
|  | $\mathbf{1 0 , 7 0 , 0 0 0}$ | $\mathbf{1 1 , 7 5 , 0 0 0}$ |

