

FIFTH SEMESTER B.Com. PROFESSIONAL DEGREE EXAMINATION, NOVEMBER 2019

(CUCBCSS-UG)

CC17U BCP5 B01 - ACCOUNTING FOR MANAGERIAL DECISIONS

B.Com. Professional - Core Course

(2017 Admission Regular)

Time: Three Hours

Maximum: 80 Marks

Part AAnswer *all* questions. Each question carries 1 mark.

A. Choose the correct answer:

- Management accounting relates to
 - Recording of accounting data
 - Recording of costing data
 - Presentation of accounting data
 - None of these
- State the non current liability out of the following
 - Mortgage loan
 - Bank balance
 - Outstanding salary
 - Investments
- If sales are Rs. 2,00,000 fixed cost is Rs. 30,000 and PV ratio is 40%, the amount of profit will be
 - 50,000
 - 80,000
 - 12,000
 - None of these
- The amount of money needed to meet the day to day requirements of a business unit is called
 - Working capital
 - Fixed capital
 - Both fixed & working capital
 - Investment
- If sales are Rs. 1,50,000 and variable cost are Rs. 50,000 the PV ratio is
 - 66.66%
 - 100%
 - 133.33%
 - 65.66%

B. Fill in the blanks:

- Debt equity ratio is the relationship between outsider's fund and _____.
- Purchase of fixed asset will mean _____ in working capital.
- Interest received on long term investment is shown under _____.
- Marginal costing is also known as _____.
- If the fixed cost exceeds the amount of contribution, it results in _____.

(10 x 1 = 10 Marks)

31. Following information has been made available from the cost records of United automobiles Ltd manufacturing spare parts.

Direct material	Per unit
X	Rs. 16
Y	Rs. 12
Direct wages	
X	24 hours @ 0.50 paise per hour
Y	16 hours @ 0.50 paise per hour
Variable overhead	150% of wages
Fixed overhead	Rs. 1500
Selling price	
X	Rs. 50
Y	Rs. 40

The directors want to be acquainted with the desirability of adopting any one of the following alternative sales mixes in the budget for the next period

- 250 units of X and 250 units of Y
- 400 units of Y only
- 400 units of X and 100 units of Y
- 150 units of X and 350 units of Y

State which of the alternative sales mixes you would recommend to management?

(2 x 15 = 30 Marks)

Part B (Short answer questions)

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

11. What is leverage ratio?
12. Give any three managerial uses of fund flow statement.
13. Define Angle of incidence.
14. What do you mean by limiting factor or key factor?
15. List out the functions of management accounting.
16. What is comparative statement?
17. What is Earning Per Share?
18. Name various sources of funds?
19. Give the meaning of breakeven point.
20. What is window dressing?

(8 x 2 = 16 Marks)

Part C

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

21. Distinguish between management accounting and financial accounting.
22. What are the use and significance of ratio analysis?
23. Explain any four managerial applications of marginal costing.
24. What are the requirements of a good report?
25. Calculate trend percentages from the following figures of A Ltd. taking 2009 as the base and interpret them.

<u>Year</u>	<u>Sales</u>	<u>Stock</u>	<u>Profit before tax</u>
2009	3762	1418	642
2010	4680	1562	870
2011	5310	1632	916
2012	6042	1888	1054
2013	7536	2308	1344

26. Calculate operating profit ratio and net profit ratio.

	Rs.		Rs.
Sales	4,00,000	Administration expenses	40,000
Gross profit	1,40,000	Income from investments	44,000
Selling expenses	20,000	Loss due to fire	24,000

(2)

27. From the following profit and loss account, compute the funds from operations.

Salaries	10,000	Gross profit	2,000
Rent	4,000	Discount	10,000
Depreciation	2,000	Interest on investment	8,000
Preliminary expenses	4,000	Net loss	10,000
Loss in sale of land	10,000		
	<u>30,000</u>		<u>30,000</u>

28. From the following particulars, find out the breakeven point.

	Rs.
Variable cost per unit	30
Fixed expenses	1,08,000
Selling price per unit	40

What would be the selling price per unit, if the breakeven point is to be brought down to 6000 units.

(6 x 4 = 24 Marks)

Part D

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

29. From the following information, prepare a summarised balance sheet as on 31st March 2013

a) Working capital	Rs. 1,20,000
b) Reserves & surplus	Rs. 80,000
c) Bank Overdraft	Rs. 20,000
Proprietary Ratio (Fixed asset/Shareholder's fund)	0.75
d) Current ratio	2.5 : 1
e) Liquid ratio	1.5 : 1

30. Balance sheets of Varuna Industries Ltd. are given below:

Liabilities	31/03/2009	31/03/2010	Assets	31/03/2009	31/03/2010
Share capital	2,80,000	2,96,000	Cash	36,000	31,200
Reserves	4,000	6,000	Debtors	59,600	70,800
Profit & loss a/c	36,400	39,200	Stock	1,96,800	1,70,800
Bank loan	44,000	18,000	Investment	30,000	14,000
Creditors	20,000	24,000	Land	80,000	1,20,000
Proposed dividend	28,000	29,600	Goodwill	10,000	6,000
	<u>4,12,400</u>	<u>4,12,800</u>		<u>4,12,400</u>	<u>4,12,800</u>

During the year ending 31st March 2010:

- a) Land costing Rs. 40,000 was sold for Rs. 50,000
- b) Investment costing Rs. 20,000 was sold for Rs. 21,000

Prepare a cash flow statement as per AS-3 norms.

Turn Over