

30. Position of a company for the year 2017 as follows:

	`	
Sales	2,00,000	
Variable cost	1,50,000	
	<u>50,000</u>	Contribution
Fixed overheads	15,000	
	<u>35,000</u>	Net Profit

You are required to find out:

- (1) P/V ratio
- (2) Break-even point
- (3) Sales for 40% P/V ratio
- (4) Margin of safety from the sales ` 3,00,000
- (5) Net profit from the sales of ` 3,00,000
- (6) Required sales for the net profit of ` 70,000
- (7) Required sales for the net profit of ` 70,000 after tax, the corporate income tax rate being 60%
- (8) Additional sales required to cover an increase of ` 3,000 p.a. in the sales managers salary.

31. Extracts from financial accounts of XYZ Ltd. are :

	Year I		Year II	
	Assets (.)	Liabilities (.)	Assets (.)	Liabilities (.)
Stock	10,000		20,000	
Debtors	30,000		30,000	
Payment in advance	2,000		-	
Cash in hand	20,000		15,000	
Sundry Creditors		25,000		30,000
Acceptances		15,000		12,000
Bank overdraft		-		5,000
	62,000	40,000	65,000	47,000

Sales amounted to ` 3,50,000 in the first year and ` 3,00,000 in the second year.

You are required to comment on the solvency position of the concern with help of accounting ratios.

(2 x 15 = 30 Marks)

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(4)

(Pages: 4)

Name.....

Reg. No.....

FIFTH SEMESTER B.Com./BBA DEGREE EXAMINATION, NOVEMBER 2019

(Supplementary/Improvement)

(CUCBCSS-UG)

CC15U BC5 B07/CC16U BC5 B07/CC15U BB5 B07 – ACCOUNTING FOR MANAGEMENT

(Core Course)

(B.Com. 2015, 2016 and B.B.A. 2015 Admission onwards)

Time: Three Hours

Maximum: 80 Marks

Part A

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

I. Choose the correct answer from the following:

1. The Prime function of accounting is to
 - (a) Record economic data
 - (b) Provide the informational basis for action
 - (c) Classify and record business transactions
 - (d) attain non economic goals
2. accounting is concerned with historical data
 - (a) Cost Accounting
 - (b) Management Accounting
 - (c) Financial Accounting
 - (d) None
3. are the statements, in which figures reported are converted into percentages to some common base.
 - (a) Comparative statements
 - (b) common size statements
 - (c) Both of these
 - (d) None
4. Ratio of net profit before interest and tax to sales is
 - (a) Operating profit ratio
 - (b) Operating ratio
 - (c) Capital gearing
 - (d) Solvency ratio
5. is a tool of management for financial analysis and helps in making decisions.
 - (a) Fund flow statement
 - (b) Balance sheet
 - (c) Income statement
 - (d) None of these

II. Fill in the Blanks:

6. cost represents the amount of any given volume of output by which aggregate costs are changed if the volume of output is increased by one unit.
7. Given sales = 100000, Profit = 10000, variable cost = 70%. The sales required to earn a profit of ` 40000 is
8. Responsibility accounting is used for
9. Both costs and revenues are measured in centers.

(1)

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(2)

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10. At Break-even point contribution will be equal to

(10 x 1 = 10 Marks)

Part B

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

- 11. What is cost accounting?
- 12. What you mean by ratio analysis?
- 13. Define management accounting.
- 14. What is angle of incidence?
- 15. Define key factor.
- 16. What you mean by P/V ratio?
- 17. Define cash flow.
- 18. What you mean by trend analysis?
- 19. Point out any two uses of fund flow statement.
- 20. What is acid test ratio?

(8 x 2 = 16 Marks)

Part C

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

- 21. What are the tools and techniques used in management accounting?
- 22. Are there any limitations on the interpretation of financial statement?
- 23. "Accounting ratios are mere guides and complete reliance on them in decision-making is suicidal". Elucidate.
- 24. Differentiate between financial accounting and cost accounting.
- 25. What is meant by cost-volume-profit analysis? Explain its importance.
- 26. Using the details given as Current ratio: 2.5; Liquid ratio: 1.5; Working capital: ` 90,000 find out the following
 (a) Current assets (c) Current liabilities (b) Liquid asset (d) Stock

- 27. The following figures relate to a particular year working at 100% capacity level in a manufacturing concern:

Fixed overhead	` 1,20,000	
Variable overhead	` 2,00,000	
Direct wages	` 1,50,000	
Direct materials	` 4,10,000	
Sales	` 10,00,000	

Represent the above figures on the Break-even chart and determine from the chart the break-even point: verify your results by calculations.

28. The following is the summarized income statement of ABC Ltd for the year ended 31st March 2018:

Particulars	`
Sales (including cash sales ` 20,000)	1,60,000
Less: Operating expenses excluding depreciation	1,00,000
	60,000
Less: Depreciation	20,000
Net Profit before Tax	40,000
Add: Extra ordinary income- gain on speculation	10,000
	50,000
Less: Provision for tax at 40%	20,000
Net Profit after Tax	30,000

The following additional data is also available for 2017-2018.

- (a) Operating expenses includes loss on sale of Furniture ` 4,000
- (b) Tax paid during year for 2016-2017 ` 18,000.
- (c) Current assets and liabilities at the end of 2016-2017 and 2017-2018 were as under:

	31.03.2018	31.03.2017
Debtors	16,000	12,000
Stock	13,000	14,000
Creditors	18,000	17,000

You are required to ascertain net cash flow from operating activities.

(6 x 4 = 24 Marks)

Part D

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

29. The Balance Sheets of National Co. as on 31st December, 2017 and 31st December 2016 are as follows:

Liabilities and Capital	2016	2017	Assets	2016	2017
Share Capital	5,00,000	7,00,000	Land and Buildings	80,000	1,20,000
P&L	1,00,000	1,60,000	Plant and machinery	5,00,000	8,00,000
General Reserve	50,000	70,000	Stock	1,00,000	75,000
Sundry Creditors	1,53,000	1,90,000	Debtors	1,50,000	1,60,000
Bills payable	40,000	50,000	Cash	20,000	20,000
Expenses	7,000	5,000			
	8,50,000	11,75,000		8,50,000	11,75,000

Additional Information:

- (1) ` 50,000 depreciation has been charged on plant and machinery during 2017.
- (2) A piece of machinery was sold for ` 8,000 during the year 2017. It had cost ` 12,000; depreciation of ` 7,000 had been provided on it.

Prepare a schedule of changes in working capital and a statement showing the sources and application of fund for 2017.

(3)

Turn Over