

The following information is also provided:

- a. A dividend of Rs. 11,500 was paid during the year 2019.
- b. During the year 2019, the company provided for a tax of Rs. 16,500.
- c. During the year, the company purchased another company and paid Rs. 30,000 in shares.  
It took over stock Rs. 10,000 and plant Rs. 12,500 of the vendor company.
- d. It purchased a plant costing Rs. 4,000 during the year.
- e. Depreciation written off on machinery Rs. 6,000.

31. The financial statement of SDR Ltd. for the year 2019 reveal the following:

Current ratio	1.75
Liquid ratio	1.25
Equity capital of Rs. 10 each	Rs. 60,000
Net current assets	Rs. 30,300
Fixed assets as a percentage of shareholders' equity	60%
Gross profit ratio	20%
Stock turnover ratio (based on cost on 31.12.2019)	6 times
Average age of outstanding debtors	2 months
Net profit as a percentage of issued capital	16%

On 31.12.2019 the current assets consist of stock, debtors and bank balance. You are required to prepare:

- a. Trading and Profit and Loss Account for the year ended 31.12.2019 and
- b. Balance Sheet as on 31.12.2019

**(2 × 15 = 30 Marks)**

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(4)

**20U539S**

(Pages: 4)

Name: .....

Reg. No : .....

**FIFTH SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2022**

(CUCBCSS-UG)

**CC17U BC5 B07 – ACCOUNTING FOR MANAGEMENT**

(Commerce – Core Course)

(2017, 2018 Admissions – Supplementary/Improvement)

Time: Three Hours

Maximum: 80 Marks

**PART A**

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

Choose the correct answer:

1. Which of the following is a technique of Management Accounting?
  - a. Standard Costing
  - b. Budgetary Control
  - c. Marginal Costing
  - d. All of these
2. Which of the following is not used in analysis of financial statements?
  - a. Comparative Income Statement
  - b. Marginal cost statement
  - c. Trend percentages
  - d. Common size statements
3. Which of the following is not a component of current ratio?
  - a. Debentures
  - b. Inventory
  - c. Bills payable
  - d. Creditors
4. Which of the following transaction result in flow of fund?
  - a. Issue of shares for cash
  - b. Redemption of debentures
  - c. Sale of fixed assets
  - d. All of these
5. .... = Actual sales – BEP sales
  - a. Margin of Safety
  - b. Break Even Point
  - c. Angle of incidence
  - d. Contribution Margin

Fill in the blanks:

6. .... statements are expressed in analytical percentages.
7. Debt-equity ratio is the relationship between outsiders' funds and .....
8. An decrease in current liabilities results in ..... in working capital.
9. Dividend paid on share capiatl is a cash outflow from ..... activity.
10. .... expresses the relation of contribution to sales.

**(10 × 1 = 10 Marks)**

(1)

**Turn Over**

**PART B**

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

11. Define Management Accounting.
12. Mention any two limitations of Cost Accounting.
13. Name any two tools used in vertical analysis of financial statements.
14. What do you mean by common size balance sheet?
15. What is proprietary ratio?
16. What is average collection period?
17. What do you mean by net working capital?
18. Give any two examples for non- cash transactions.
19. What is the difference between cash and fund?
20. What is angle of incidence?

**(8 × 2 = 16 Marks)**

**PART C**

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

21. Explain the characteristics of Management Accounting.
22. What are the differences between fund flow statement and cash flow statement?
23. What are the limitations of marginal costing?
24. From the following information, prepare a comparative income statement of ABC Ltd.

	2018	2019
Sales	120% of cost of goods sold	120% of cost of goods sold
Cost of goods sold	Rs. 20,00,000	Rs. 25,00,000
Indirect expenses	10% of gross profit	10% of gross profit
Income tax	50% of profit before tax	50% of profit before tax

25. Calculate funds from operations as on 31<sup>st</sup> March, 2019:
  - i. Net profit for the year ended 31<sup>st</sup> March, 2019- Rs. 6,50,000.
  - ii. Gain on the sale of building-Rs. 35,500.
  - iii. Goodwill appears in the books at Rs. 1,80,000. Out of that 10% has been written off during the year.
  - iv. Old machinery worth Rs. 8,000 has been sold for Rs. 6,500 during the year.
  - v. Rs. 1,25,000 have been transferred to General Reserve.
  - vi. Depreciation has been provided during the year on machinery at 20% whose total cost is Rs. 6,50,000.

(2)

26. The following information is given to you:

Current Ratio 2.5  
 Acid test ratio 1.5  
 Current liabilities Rs. 50,000

Find out:

- a. Current Assets
- b. Liquid Assets
- c. Inventory

27. Find out a) Debtors Turnover Ratio and b) Average collection period from the following information:

	31.03.2018	31.03.2019
	Rs.	Rs.
Annual credit sales	5,00,000	6,00,000
Debtors in the beginning	80,000	1,00,000
Debtors at the end	1,00,000	1,20,000

28. From the following data, find out P/V ratio and break-even point.

Variable cost per unit Rs. 15  
 Fixed expenses Rs. 54,000  
 Selling price per unit Rs. 20

**(6 × 4 = 24 Marks)**

**PART D**

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

29. What are financial statements? Explain the limitations of financial statement analysis.
30. From the following balance sheet of DFG Ltd. for the year ending 31.12.2018 and 31.12.2019, prepare cash flow statement:

<i>Liabilities</i>	<i>2018</i>	<i>2019</i>	<i>Assets</i>	<i>2018</i>	<i>2019</i>
	<i>Rs.</i>	<i>Rs.</i>		<i>Rs.</i>	<i>Rs.</i>
Share capital	100,000	130,000	Goodwill	-	7,500
General reserve	25,000	30,000	Plant	75,0000	84,500
P & L Account	15,200	15,400	Building	100,000	95,000
Bank loan	35,000	-	Debtors	40,000	32,100
Current liabilities	75,000	67,500	Stock	50,000	37,000
Provision for tax	<u>15,000</u>	<u>17,500</u>	Cash	<u>200</u>	<u>4,300</u>
	<u>265,200</u>	<u>2,60,400</u>		<u>265,200</u>	<u>2,60,400</u>

**Turn Over**