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Name.....

Reg. No.....

FIFTH SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2021

(UG—CBCSS)

BCM 5B 07—ACCOUNTING FOR MANAGEMENT

(2019 Admissions)

Time : Two Hours and a Half

Maximum : 80 Marks

Part A*Answer all questions.**Each question carries 2 marks.*

1. What is management accounting ?
2. What is external analysis ?
3. Describe trend analysis.
4. What is comparative balance sheet ?
5. What do you mean by solvency ratio ?
6. Explain P/E Ratio,
7. Calculate EPS :

Equity share capital (Rs.10 each)-Rs. 9,00,000

Rate of tax-50 % of net profit

Net profit before tax-Rs. 1,80,000

8. Explain the significance of capital gearing ratio.
9. Define fund flow statement.
10. Explain the treatment of proposed dividend as a non-current liability.
11. What do you mean by cash equivalents ?
12. What are the objectives of cash flow statement ?
13. What is margin of safety ?

Turn over

14. Explain CVP analysis.
15. A company estimates that next year it will earn a profit of Rs. 50,000. The budgeted fixed cost and sales are Rs. 2,50,000 and Rs. 10,00,000 respectively. Find out the break even point for the company.

(15 × 2 = 30, Maximum ceiling 25 marks)

Part B

Answer all questions.

Each question carries 5 marks.

16. Differentiate management accounting and financial accounting.
17. Calculate trend percentages from the following taking 2015 as base year and interpret the results :

Year	:	2015	2016	2017	2018	2019
Revenue from operation	:	100000	130000	148000	170000	196000
Gross profit	:	50000	64000	70000	86000	100000

18. From the following data, calculate collection period :

Total sales = 6,00,000

Cash sales = 1,00,000

Debtors on 1-1-2020 = 50,000

Debtors on 31-12-2020 = 70,000

Bills receivable on 1-1-2020 = 30,000

Bills receivable on 31-12-2020 = 50,000

19. What is ratio analysis ? State its objectives.

20. Describe the applications of fund :

Receipts	Rs.	Payment	Rs.
To balance b/d	1,00,000	By Cash purchases	6,00,000
„ cash sales	16,00,000	„ Payment to suppliers	14,00,000
„ Receipt from customers	20,00,000	„ Wages and salaries	4,00,000
„ issue of shares	14,00,000	„ Rent, rates and taxes	2,00,000

Receipts	Rs.	Payment	Rs.
„ Sale of machinery	3,00,000	„ Income tax	6,00,000
„ Sale of investment	6,00,000	„ Dividend paid	1,60,000
		„ repayment of bank loan	8,00,000
		„ Purchase of plant	4,40,000
		„ Balance c/d	14,00,000
	60,00,000		60,00,000

22. What is break even-chart ? List out its assumptions.

23. You are given the following information:

Fixed cost = 15,000

Variable cost = 20,000

Total cost = 35,000

Net profit = 5,000

Net sales = 40,000

- Find out break-even point.
- Forecast the profit for sales volume Rs. 50,000.
- Estimate the volume of sales turnover to make a net profit of Rs. 10,000.

(8 × 5 = 40, Maximum ceiling 35 marks)

Part C

*Answer any **two** questions.*

Each question carries 10 marks.

24. What is financial statement analysis ? Explain its importance and limitations.

25. From the following, prepare balance sheet of ABC Ltd.

- Sales for the year-Rs.20,00,000
- G/P ratio-25 %
- Current ratio-1.5
- Acid test ratio-1.25

Turn over

- (e) Stock turnover ratio -15
- (f) Debtors' collection period-1.5 months
- (g) Turnover of fixed assets-1.5 months
- (h) Ratio of reserves to share capital-1/3
- (i) Fixed assets to net worth 5/6

Hint : Here, the term turn-over means cost of sales and the term stock refers to closing stock.

26. PQR company budgets for a production of 1,50,000 units. The variable cost per unit is Rs. 14 and fixed cost is Rs. 2 per unit. The company fixes its selling price to fetch a profit of 15% on cost.

- (a) What is the B.E.P. ?
- (b) What is the P/V Ratio ?
- (c) If it reduces its selling price by 5 % how does the revised selling price affect the B.E.P. and the P/V Ratio ?
- (d) If a profit increase of 10 % is desired more than the budget, what should be the sale at the revised price ?

27. What do you mean by funds flow statement ? State its objectives. Explain its importance.

(2 × 10 = 20 marks)