

AMAL COLLEGE OF ADVANCED STUDIES, NILAMBUR
FIFTH SEMESTER B.COM DEGREE PROGRAMME

INTERNAL TEST 1- AUG 2011
ACCOUNTING FOR MANAGEMENT

Time: 1 ½ hours
Weights: 15

Answer all. A bunch of four questions carries 1 weight ($8 \times \frac{1}{4} = 2$ weights)

1. The branch of accounting which primarily deals with processing and presenting accounting data for internal use in a concern is -----
a. Financial accounting b. Cost accounting c. Management accounting
2. Management accounting and cost accounting functions are.....
a. Neutral in effect b. complimentary in nature c. contradictory in nature
3. When financial statements for a number of years are reviewed and analyzed, the analysis is known as
a. Vertical analysis b. Internal analysis c. Horizontal analysis
4. The analysis by a banker for the purpose of granting cash credit to a concern is an example of
a. Critical analysis b. internal analysis c. external analysis
5. For dividend yield ratio Price of the equity shares is taken into consideration.
6. The purposeful manipulation of balance sheet to show better than average ratios is known as ---
7. The acid test ratio assumes that Will not be converted into cash in time to pay current liabilities.
8. A low debt equity ratio indicates.....

Answer all. Each carries 1 weight ($3 \times 1 = 3$ weights)

9. Define management accounting
10. What do you mean by financial statements?
11. What is current ratio?

Answer any **Three**. Each carries 2 weights ($3 \times 2 = 6$ weights)

12. Explain the functions of management accounting
13. From the following data, prepare statement of profit in comparative form:

Particulars	2010 (Rs)	2009 (Rs)
Sales	7, 00,000	6, 00,000
Gross profit	30%	36%
Office and Administrative exp	1, 45,000	1, 40,000
Income tax rate	50%	50%

14. From the following particulars, calculate i) Gross profit ratio ii) Net profit ratio iii) Operating ratio
- | | |
|------------------------|-----------|
| Sales | 2, 50,000 |
| Cost of goods sold | 1, 50,000 |
| Operating expenses | 50,000 |
| Non-operating expenses | 10,000 |

15. X Ltd has furnished the following details regarding its current assets and current liabilities:

Current assets		Current liabilities	
Stock	2, 08,000	Sundry Creditors	1, 20,000
Debtors	1, 16,000	Bills payable	64,000
Cash at bank	20,000	Outstanding exp	32,000
Bills receivable	20,000	Total	2, 16,000
Marketable securities	60,000		
Prepaid expense	8,000		
Total	4, 32,000		

You are required to calculate i) current ratio ii) acid- test ratio

Answer any One. It carries 4 weights (1*4 = 4 weights)

16. a) Given the following figures

Sales	1, 50,000
Gross profit	25% on cost
Current assets	40,000
Current liabilities	20, 000
Fixed asset (gross)	50,000
Depreciation on FA	10,000

Calculate: - i) Capital turnover ratio ii) Fixed asset turnover ratio
iii) Working capital turnover ratio.

b) Shyam sells goods on cash and credit. The following information relates to his business for the year 2009

Gross sales	1, 00,000
Cash sales (included in above)	20,000
Sales returns	7,000
Sundry debtors as on 31.12.2009	10,000
Sundry debtors as 1.1.2009	8,000
Bills receivable as on 31.12.2009	2,000
Provision for doubtful debt on 31.12.2009	1,000

Calculate: - i) Debtors turnover ratio ii) Average collection period

17. Given:

Receivables turnover	:	4	Capital turnover	:	2
Payables turnover	:	6	Fixed asset turnover	:	8
Inventory turnover	:	8	Gross profit ratio	:	25%

Gross profit during the year amounted to Rs 1, 60,000. There is no long-term loan or overdraft. Reserves and surplus amount to Rs 56,000. Ending inventory of the year is Rs 4,000 above the beginning inventory. Notes receivable amount to Rs 10,000 and notes payable are Rs 4,000. Prepare balance sheet on the basis of the information given above.