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Reg. No....10.000.31.....

Name.....Arif.....

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, MARCH 2017

Sixth Semester

Core Course 17—ACCOUNTING FOR MANAGERIAL DECISIONS

(Common for B.Com. Model I, B.Com. (Vocational Model II) and Model III B.Com. Degree Programmes)

[2013 Admission onwards]

Time : Three Hours

Maximum Marks : 80

Part A

Answer all questions.

Each question carries 1 mark.

1. What is the nature of Financial Statement ?
2. What is meant by common size statement ?
3. What is Acid test ratio ?
4. What is meant by Debt-equity ratio ?
5. What is current assets ?
6. What is working capital ?
7. What is cash flow statement ?
8. What is cash from operation ?
9. What is Responsibility accounting ?
10. State the fundamental aspects of Responsibility accounting.

(10 × 1 = 10)

Part B

Answer any eight questions.

Each question carries 2 marks.

11. Explain the various techniques applied for carrying out the financial statement analysis.
12. What are the essential characteristics of financial statements ?
13. What are the leverage ratios ? Explain its significance.
14. Explain the calculation and significance of the various measures of rate of return on investment.

Turn over

15. Mention the Procedure of making a Funds Flow Statement.
16. What are the advantages of Fund Flow Analysis ?
17. What are the uses of Schedule of changes of working capital ?
18. What are the uses of cash flow statement ?
19. State the features of Responsibility accounting.
20. What are the uses of calculating EPS and Dividend yield ratio ?
21. State any four tools used for analysis and interpretation of financial statement.
22. From the following information, you are required to find out Capital Gearing Ratio :

	Rs.
Preference Share Capital	5,00,000
Equity Share Capital	6,00,000
Capital Reserve	3,00,000
Profit and Loss Account	1,00,000
12% Debenture	3,00,000
Secured loan	1,00,000

(8 × 2 = 16)

Part C

Answer any six questions.
Each question carries 4 marks.

23. Explain the importance of analysis and interpretation of financial statements.
24. What are solvency ratios ? State its uses.
25. State the procedure to prepare cash flow statement.
26. How does the statement of cash flows differ from the funds flow statement ?
27. Mention various disadvantages of Responsibility accounting.

28. From the following information, calculate Gross profit ratio, Net profit ratio, Operating ratio, Operating profit ratio and Current ratio :

	Rs.
Cash in hand	20,000
Debtors	20,000
Creditors	10,000
Gross profit	2,01,000
Net sales	5,60,000
Net profit	80,000
Cost of goods sold	3,50,000
Operating expenses	1,09,000

29. From the following Profit and Loss account, calculate funds from operations :

Rs.		Rs.	
To salaries	10,000	By Gross profit	2,00,000
To Rent	3,000	By Profit on sale of machine	5,000
To Commission	2,000	By Refund of tax	3,000
To Provision for depreciation	14,000	By Dividend Received	2,000
To Transfer to general reserve	20,000		
To Provision for tax	5,000		
To Loss on sale of investments	5,000		
To Discount on issue of debentures	2,000		
To Preliminary expenses	3,000		
To Selling expenses	26,000		
To Net profit	1,20,000		
Total	<u>2,10,000</u>		<u>2,10,000</u>

Turn over

30. The following figures are extracted from the annual reports of the Company X :

	2011 (Rs.)	2012 (Rs.)	2013 (Rs.)
Cost of materials	200	250	150
Labour cost	175	150	200
Other conversion cost	175	140	150
Total Manufacturing Cost	550	540	500
Sales revenue	950	1,000	1,200
Gross profit	400	460	700
Operating expenses	180	200	300
Profit	220	260	400

From the above, prepare common size statement for the purpose of comparison.

31. From the following information, calculate cash form operation for the year ended 31st December, 2014 :

	Rs.
Net profit	1,00,000
Loss on sale of Machinery	10,000
Depreciation on Building	4,000
Depreciation on Machinery	5,000
Preliminary expenses written off	5,000
Provision for Taxation	10,000
Goodwill written off	5,000
Gain on sale of Building	8,000

(6 × 4 = 24)

Part D

Answer any two questions.
Each question carries 15 marks.

32. Explain the features and advantages of Responsibility accounting. State the different types of Responsibility Centers.

33. Following is the Profit and Loss Account of Zee Ltd. For the year ended 31st December, 2014 :

Trading and Profit and Loss account

	Rs.		Rs.
To Opening Stock	1,00,000	By Sales	5,60,000
To Purchases	3,50,000	By Closing Stock	1,00,000
To Wages	9,000		
To Gross Profit c/d	2,01,000		
	<u>6,60,000</u>		<u>6,60,000</u>
To Administrative expenses	20,000	By Gross Profit b/d	2,01,000
To Selling expenses	89,000	By Interest	10,000
To Non-operating expenses	30,000	By Profit on sale of investment	8,000
To Net Profit	80,000		
	<u>2,19,000</u>		<u>2,19,000</u>

You are required to calculate : Gross Profit Ratio, Net Profit Ratio, Operating Ratio and Operating Profit Ratio.

Turn over

34. From the following balance sheets of Muthu Ltd., You are required to show any increase or decrease in working capital and sources and applications thereof :

<i>Liabilities</i>	31-12-2013	31-12-2014	<i>Assets</i>	31-12-2013	31-12-2014
	Rs.	Rs.		Rs.	Rs.
Equity Share capital ...	2,40,0000	3,60,000	Land and Buildings ...	1,66,200	3,39,600
Share premium ...	24,000	36,000	Machinery ...	1,06,800	1,53,900
General Reserve ...	18,000	27,000	Furniture ...	7,200	4,500
Profit and Loss Account ...	58,500	62,400	Stock ...	66,300	78,000
8% Debentures ...	—	78,000	Debtors ...	1,09,500	1,17,300
Provision for taxation ...	29,400	32,700	Bank ...	14,400	12,000
Creditors ...	1,00,500	1,09,200			
Total	4,70,400	7,05,300		4,70,400	7,05,300

Depreciation written off during the year :

Rs.

On Machinery ... 38,400

On Furniture ... 1,200

35. From the following balance sheet, prepare a Cash Flow statement :

<i>Liabilities</i>	2012 (Rs.)	2013 (Rs.)	<i>Assets</i>	2012 (Rs.)	2013 (Rs.)
Share capital ..	2,00,000	2,50,000	Stock ..	80,000	90,000
Creditors ..	70,000	45,000	Debtors ..	1,20,000	1,15,000
Profit and Loss a/c ..	10,000	23,000	Cash ..	30,000	47,000
	2,80,000	3,18,000		2,80,000	3,18,000

(2 × 15 = 30)