

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, MARCH 2016**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 Admissions]

Time : Three Hours

Maximum : 80 Marks

Answers may be written either in English or in Malayalam.

Part A

Answer all questions.

Each question carries 1 mark.

1. What is Financial Statements ?
2. What is meant by comparative statement ?
3. What is Ratio analysis ?
4. What is meant by Return on capital employed ?
5. What is fund flow statement ?
6. What is non-current assets ?
7. What is cash flow statement ?
8. What is cash from operation ?
9. What is responsibility accounting ?
10. What is responsibility centre ?

(10 × 1 = 10)

Part B

Answer any eight questions.

Each question carries 2 marks.

11. What is meant by Internal analysis ? State its features.
12. What are the merits of comparative statement analysis ?
13. State the importance of Liquidity ratio and Fixed asset ratio.
14. What are the limitations of ratio analysis ?
15. Differentiate between "Schedule of Changes in Working Capital" and "Fund Flow Statement".

Turn over

16. State the steps to be followed to prepare fund flow statement.
17. How to calculate cash from operation to prepare a cash flow statement ?
18. What are the various types of Responsibility Centre ?
19. What is Trend analysis ? State its uses.
20. What is Proprietary and Operating ratio ?
21. What do you mean by Horizontal analysis of financial statement ?
22. Find out Fixed Assets Turnover Ratio from the following information :—

Total Fixed Assets	...	Rs. 6,00,000
Gross profit	...	20 % on sales
Net Sales	...	Rs. 8,00,000
Debenture	...	Rs. 2,00,000
Share Capital	...	Rs. 3,00,000

(8 × 2 = 16)

Part C

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

23. What are the importance of financial statements ?
24. What is dividend yield ratio ? How to calculate ? State its uses.
25. State the advantages of ratio analysis.
26. What are the differences between Fund flow and Cash flow statement ?
27. Explain the uses of cash flow statement.
28. The following figures relate to the trading activities of Nikila Traders Limited for the year ended 30th June :

		Rs.
Sales	...	5,20,000
Purchases	...	3,22,250
Opening stock	...	76,250
Closing stock	...	98,500
Sales returns	...	20,000
Selling and Distribution expenses :		
Salaries	...	15,300
Advertising	...	4,700
Travelling	...	2,000
Administrative expenses :		
Salaries	...	27,000
Rent	...	2,700
Stationery and Postage	...	2,500

Depreciation	...	9,300
Other Charges	...	16,500
Provision for Taxation	...	40,000
Non-operating Income :		
Dividend on shares	...	9,000
Profit on Sales of shares	...	3,000
Non-operating expenses :		
Loss on sale of Assets	...	4,000

You are required to show separately the following ratios : (i) Gross Profit Ratio, (ii) Operating ratio, (iii) Operating profit ratio and (iv) Net profit ratio.

29. From the following, calculate funds from operation :

<i>Particulars</i>	<i>Rs.</i>	<i>Particulars</i>	<i>Rs.</i>
Expenses	... 3,00,000	Gross profit	... 4,50,000
Depreciation	... 70,000	Gain on sale of land	... 60,000
Discount	... 200		
Goodwill	... 20,000		
Loss on sale of machine	... 4,000		
Net profit	... 1,15,800		
Total	... <u>5,10,800</u>		<u>5,10,000</u>

30. From the following figures, calculate the trend percentage and interpret them by taking 2009 as base :

(Rs. in lakhs)				
Year	Sales	Stock	Profit before tax	
2009	... 1,881	709	321	
2010	... 2,340	781	435	
2011	... 2,665	816	458	
2012	... 3,021	944	527	
2013	... 3,768	1,154	672	

31. From the following Balance Sheet, prepare a schedule of changes in working capital :

<i>Liabilities</i>	2012	2013	<i>Assets</i>	2012	2013
	<i>Rs.</i>	<i>Rs.</i>		<i>Rs.</i>	<i>Rs.</i>
Share capital	... 3,00,000	3,75,000	Machinery	... 70,000	1,00,000
Creditors	... 1,06,000	70,000	Stock	... 1,21,000	1,36,000
Profit & Loss A/c	... 14,000	31,000	Debtors	... 1,81,000	1,70,000
			Cash	... 48,000	70,000
	<u>4,20,000</u>	<u>4,76,000</u>		<u>4,20,000</u>	<u>4,76,000</u>

(6 × 4 = 24)

Turn over

Part D

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

32. Explain the fundamental aspects, feature and advantages of Responsibility Accounting.
33. The following data represents the ratio pertaining to Nithya Company Ltd., for the year ending 31st March, 2015 :—

Annual Sales	...	Rs. 40,00,000
Sales to net worth	...	4 times
Current liabilities to Net worth	...	50 %
Total Debts to Net worth	...	80 %
Current ratio	...	2.2 times
Sales to inventory	...	8 times
Average collection period	...	40 days
Fixed Assets to worth	...	70 %

From the above mentioned particulars, prepare Balance Sheet of Nithya Company Ltd., as on 31st March, 2015. Assume that all sales are made on credit.

34. From the following Balance Sheets of Kalai Company Ltd., you are required to prepare a fund flow statement :

<i>Liabilities</i>		2013	2014	<i>Assets</i>		2013	2014
		Rs.	Rs.			Rs.	Rs.
Capital	...	70,000	74,000	Cash	...	9,000	7,800
Debentures	...	12,000	6,000	Debtors	...	14,900	17,700
Trade creditors	...	10,360	11,840	Stock	...	49,200	42,700
Reserve for bad debts	...	700	800	Buildings	...	20,000	30,000
Profit and Loss A/c	...	10,040	10,560	Goodwill	...	10,000	5,000
		<u>1,03,100</u>	<u>1,03,200</u>			<u>1,03,100</u>	<u>1,03,200</u>

35. The following details are available from a company :

<i>Liabilities</i>		31-12-2013	31-12-2014	<i>Assets</i>		31-12-2013	31-12-2014
		Rs.	Rs.			Rs.	Rs.
Share capital	...	70,000	74,000	Cash	...	9,000	7,800
Debentures	...	12,000	6,000	Debtors	...	14,900	17,700
Reserve for doubtful debts	...	700	800	Stock	...	49,200	42,700
Trade creditors	...	10,360	11,840	Land	...	20,000	30,000
Profit and Loss A/c	...	10,040	10,560	Goodwill	...	10,000	5,000
		<u>1,03,100</u>	<u>1,03,200</u>			<u>1,03,100</u>	<u>1,03,200</u>

In addition, you are given :

- Dividend paid total Rs. 3,500.
- Land was purchased for Rs. 10,000.
- Amount provided for amortization of goodwill Rs. 5,000.
- Debentures paid off Rs. 6,000. Prepare cash flow statement.

(2 × 15 = 30)