

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, MARCH 2015**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]

Time : Three Hours

Maximum Weight : 25

Answers may be written either in English or in Malayalam.

Part A

This section consists of four bunches of four questions each.

Each bunch carries a weight of 1.

Answer all questions.

I. Choose the correct answer from the choices given :**1 Responsibility Accounting is also called as :**

- (a) Management accounting. (b) Profitability accounting.
(c) Production accounting. (d) Human resources accounting.

2 Networking capital always becomes :

- (a) Positive. (b) Negative.
(c) Either positive or negative. (d) None of these.

3 If the net profit of a business concern is Rs. 3,20,000 after crediting an interest on investment of Rs. 30,000 and after transferring Rs. 50,000 to general reserve, then fund from the operation is equal to :

- (a) Rs. 3,00,000. (b) Rs. 2,40,000.
(c) Rs. 3,40,000. (d) None of these.

4 Acid Test Ratio measures :

- (a) Activity. (b) Profitability.
(c) Long-term financial position. (d) Liquidity.

II. Fill in the blanks :

5 Debt-Equity Ratio measures the _____ of the business.

6 Total long term funds invested into the business is called _____.

7 Cash Flow Statement is a part of _____.

8 A cost manager is concerned not only with cost management but also with _____.

Turn over

III. State whether the statements are True or False :

- 9 All controllable costs are direct costs.
- 10 Horizontal analysis is used to compare the Financial Statements over a number of years.
- 11 Acid Test Ratio indicates the liquidity position of a concern.
- 12 Cash Flow Statement is a technique of financial forecasting.

IV. Match the following :—

A	B
13 Cash Flow Statement	(a) Balance Sheet Ratio.
14 Credit sale of goods	(b) Financial Statement.
15 Responsibility Accounting	(c) Mixed Ratio.
16 Stock Velocity Ratio	(d) Profitability accounting.
	(e) Increase funds from operation.
	(f) Decrease funds from operation.

(4 × 1 = 4)

Part B

*Answer any five questions.
Each question carries a weight of 1.*

- 17 What is trend analysis ?
- 18 What is meant by vertical analysis of Financial Statements ?
- 19 What is Capital Employed ?
- 20 What is Quick Asset ?
- 21 Why is Cash Flow Statement prepared ?
- 22 What is meant by Investing Activities ?
- 23 What is Fund from operation ?
- 24 Define Responsibility Accounting.

(5 × 1 = 5)

Part C

*Answer any four questions.
Each question carries a weight of 2.*

- 25 Is depreciation is a source of Fund. Discuss.
- 26 Give the performa of a Cash Flow Statement.
- 27 What are the uses of Ratio Analysis in accounting ?
- 28 Compare between Comparative Financial Statement and Common Size Financial Statement.

- 29 From the following information of a company for the year 2011 and 2012. Prepare a common size income statement :

	2011 (Rs.)	2012 (Rs.)
Net sales	2,00,000	3,00,000
Cost of Goods sold	1,20,000	1,50,000
Selling and Administrative Expenses	40,000	45,000
Interest paid	4,000	90,000
Interest received	6,000	6,000
Income tax	50 %	40 %

- 30 From the following Balance Sheet of Y Ltd. Calculate the different turn over ratios :—

Liabilities	(Rs.)	Assets	(Rs.)
Equity share capital	6,00,000	Fixed Assets	6,50,000
General Reserve	2,50,000	Stock	2,25,000
8 % Debentures	1,50,000	Debtors	2,75,000
Creditors	2,00,000	Cash at Bank	50,000
	<u>12,00,000</u>		<u>12,00,000</u>

Given capital Turnover Ratio is 1.5 times.

(4 × 2 = 8)

Part D

Answer any **two** questions.
Each question carries a weight of 4.

- 31 Based on the following information, determine the funds generated by trading operations :

	31-3-2010	31-3-2011
	Rs.	Rs.
Balance of P & L a/c	30,000	74,000
Net profit for the year	44,000	99,250
Depreciation provision	80,000	90,000

Further information :

- (a) During the year 2011, Machinery costing Rs. 10,000 which was half depreciated, was discarded and written-off.
(b) Investments costing Rs. 2,500 were sold during the year 2011 for Rs. 2,400.
- 32 X Ltd. made a profit of Rs. 50,000 after considering the following :—

	Rs.
Depreciation on fixed assets	30,000
Amortization of preliminary Expenses	20,000
Loss on sale of machinery	25,000
Provision for doubtful debts	3,000
Gain on sale of assets	28,000

Turn over

	March 31, 2011	March 3, 2012
	Rs.	Rs.
Debtors ...	40,000	45,000
Creditors ...	30,000	50,000
Bills Receivable ...	25,000	22,000
Bills payable ...	10,000	8,000
Short-term liabilities ...	10,000	12,000
Prepaid expenses ...	700	1,000

From the above particulars, calculate the amount of cash flows.

- 33 From the following information relating to a limited company, prepare a Balance Sheet and a statement of Proprietors Fund :

Current Ratio	...	2
Quick Ratio	...	1.5
Fixed assets to proprietary fund	...	0.75
Working capital	...	Rs. 75,000
Reserve and Surplus	...	Rs. 50,000
Bank overdraft	...	Rs. 10,000

There were no long-term loans or fictitious assets.

(2 × 4 = 8)