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Reg. No.....

Name.....

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, APRIL 2021

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—2016 Admissions)

Time : Three Hours

Maximum Marks : 80

Part A (Short Answers)

Answer all questions.

Each question carries 1 mark.

1. What is a Fund Flow Statement ?
2. What is Capital Gearing Ratio ?
3. Define Analysis of Financial Statements.
4. Mention any 2 sources of fund.
5. List out the different types of responsibility centre.
6. Give any 2 examples of cash flow from operating activities.
7. What does EPS stands for ?
8. What is the formula of calculating Quick ratio ?
9. What do you mean by Vertical analysis ?
10. What do you mean by current assets ?

(10 × 1 = 10)

Part B (Brief Answers)

Answer any eight questions.

Each question carries 2 marks.

11. What will be the effect of reserve for bad and doubtful debts on the flow of cash ?
12. "A fund flow statement is a better substitute for an income statement". Discuss.
13. What is the significance of "Return on Capital Employed" ?

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14. What are interfirm and intrafirm comparison ?
15. Calculate current liabilities, if current assets is ₹ 1,20,000 and current ratio is 3 times.
16. What points to be considered while preparing the schedule of changes in working capital ?
17. Explain the items regarding the inflow and outflow of cash.
18. "Ratio analysis is a tool to examine the health of a business with a view to make the financial results more intelligible". Explain.
19. State the uses of cash flow statement.
20. Explain the limitations of Financial Statement Analysis.
21. Distinguish between Income Statement and Fund Flow Statement.
22. Give four examples of cash transactions which do not affect the flow of fund.

(8 × 2 = 16)

Part C (Short Essays)

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

23. What do you mean by Trend Ratios ? What are the uses of Trend Analysis ?
24. What are the objectives of Funds Flow Statement ?
25. State the various functions performed by the Responsibility centres.
26. What are the limitations of Cash Flow Statement ?
27. The Cash Flow Statement is as useful to shareholders and lenders as to management. Explain.
28. The following are the ratios relating to the activities of National Traders Ltd :

Debtors Velocity (months)	3
Stock Velocity (months)	8
Creditors velocity (months)	2
Gross Profit Ratio (%)	25

Gross Profit for the current year ended December 31 amounts to ₹ 4,00,000. Closing stock of the year is ₹ 10,000 above the opening stock. Bills receivable amount to ₹ 25,000 and bills payable to ₹ 10,000. Find out : a) Sales ; b) Sundry debtors ; c) Closing Stock ; d) Sundry Creditors.

29. Determine cash paid to suppliers/ creditors from the following data during the year :

Particulars	(In Lakhs)
Cost of goods sold	₹ 480
Opening Stock	30
Closing Stock	50
Creditors at the beginning of year	60
Creditors at the end of the year	90
Cash Purchases	40

30. Opening and Closing balances of the Machinery Account (at W.D.V.) appearing in the Comparative Balance Sheet are ₹ 1,50,000 and ₹ 2,50,000 respectively. The opening and closing balance of Accumulated Depreciation Account were ₹ 25,000 and ₹ 40,000 respectively. Further it is given that during the year :

- (a) a machine costing ₹ 50,000 was purchased in exchange for fully paid up shares, and
 (b) an old machine costing ₹ 10,000 (accumulated depreciation ₹ 4,000) was sold for ₹ 4,500.

Show the Ledger accounts.

31. From the following particulars, calculate net cash flow from investing activities :

	Purchase	Sale
Land	2,00,000	
Furniture	50,000	20,000
Goodwill	1,00,000	
Investments	75,000	10,000

Interest received on debentures - ₹ 5,000

Dividend received on shares - ₹ 7,500

Dividend paid to shareholders - ₹ 10,000.

(6 × 4 = 24)

Part D (Essays)

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

32. "Responsibility accounting consists in accumulation and reporting of costs by levels of responsibility within an organization". Offer your observation on the above statement.
33. From the following Balance Sheet of Global Ltd. for the year ended 31st December, 2018 and 2019, you are required to prepare a Comparative Balance Sheet and comment on the financial position of the concern.

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Balance Sheet

Liabilities	2018	2019	Assets	2018	2019
Bills Payable	35,000	40,000	Cash	20,000	10,000
Sundry Creditors	40,000	25,000	Debtors	40,000	60,000
Outstanding rent	20,000		Stock	40,000	55,000
Debentures	1,00,000	1,20,000	Marketing Securities	55,000	30,000
Equity Share Capital	2,20,000	2,50,000	Machinery	1,20,000	1,50,000
Reserves & Surplus	60,000	80,000	Furniture	60,000	40,000
			Buildings	1,40,000	1,70,000
	4,75,000	5,15,000		4,75,000	5,15,000

34. From the following particulars, prepare the Fund Flow Statement :

Liabilities	Jan. 1 st	Dec. 31 st	Assets	Jan. 1 st	Dec. 31 st
Creditors	18,000	20,500	Cash	2,000	1,800
Bank Loan (Long- Term)	15,000	22,500	Debtors	17,500	19,200
Capital	74,000	74,500	Stock	12,500	11,000
			Land	10,000	15,000
			Buildings	25,000	27,500
			Machinery	40,000	43,000
	1,07,000	1,17,500		1,07,000	1,17,500

Additional Information :

During the year, drawings by the proprietor for personal use amounted to ₹ 13,000. Provision for depreciation on machinery stood at ₹ 13,500 on January 1st and at ₹ 18,000 on December 31st.

35. Following is the Trading and Profit and Loss Account of Geo Ltd, calculate (1) Gross Profit Ratio ; (2) Net Profit Ratio ; (3) Operating Ratio ; (4) Operating Profit Ratio ; (5) Administrative expenses ratio ; and (6) Selling Expenses Ratio :

Particulars	Amt.	Particulars	Amt.
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		
	6,60,000		6,60,000
To Administrative expenses	20,000	By Gross Profit b/d	2,01,000
To Selling expenses	89,000	By Interest on Investment	10,000
To Non-Operating expenses	30,000	By Profit on sale of Investment	8,000
To Net Profit	80,000		
	2,19,000		2,19,000

(2 × 15 = 30)