

Name.....Reg. No.....

**B.COM DEGREE END SEMESTER EXAMINATION MARCH 2017**

**SEMESTER - 6: COMMERCE (CORE COURSE)**

**COURSE: U6CRCOM17: ACCOUNTING FOR MANAGERIAL DECISIONS**

*(For Regular - 2014 Admission)*

Time: Three Hours

Max. Marks: 75

**PART A**

Answer **all** questions. Each question carries 1 mark.

1. What is financial analysis?
2. What is Common Size Balance Sheet?
3. What are activity ratios?
4. How would you interpret Debtors Turnover Ratio?
5. What are current liabilities?
6. Give any two limitations of Fund Flow Statements.
7. Write two examples for non- cash transactions.
8. How do you classify cash flows while preparing Cash Flow Statements?
9. Define responsibility centre.
10. Name two methods of evaluating the performance of an investment centre.

(1 x 10 = 10)

**PART B**

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

11. What is external analysis of financial statements?
12. What is comparative income statement?
13. What is quick ratio?
14. What is interest coverage ratio?
15. Give any two differences between fund flow statement and income statement.
16. Is depreciation a source of fund?
17. Give any two limitations of fund flow statement.
18. What are cash equivalents?
19. What are financing activities?
20. What is profit centre?

(2 x 8 = 16)

## PART C

Answer **any five** questions. Each question carries five marks.

21. Who are the users of financial statements?
22. Explain the various profitability ratios.
23. Describe the features of responsibility centre.
24. Calculate EPS from the following information:

Equity share capital (Rs.10 each) - Rs.5, 00,000

10% preference capital (Rs. 50 each) - Rs.4, 00,000

Rate of tax- 50% of net profit

Net profit before tax- Rs. 1, 80,000

25. From the following balance sheet as on 31<sup>st</sup> December 2013 and 2014, you are required to prepare a statement of changes in working capital for 2014:

<b>Balance sheet</b>			
	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>2014</b>			
Share capital	2,50,000	3,00,000	Plant & machinery
2,70,000    3,65,000			
Reserve & surplus	40,000	70,000	Long term invest
1,00,000    50,000			
Debentures		1,50,000	75,000    Debtors
75,000    1,00,000			
Creditors	1,80,000	2,50,000	Stock
1,20,000    1,00,000			
Outstanding expenses	35,000	25,000	Cash & bank
60,000    85,000			
			Preliminary expenses
30,000    20,000			
	<b>6,55,000</b>	<b>7,20,000</b>	
<b>6,55,000    7,20,000</b>			

26. Following is the Profit & Loss account of Electro Matrix Ltd for the year ended 31<sup>st</sup> December, 2011:

	Rs.		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	2,01,000		
<b>Total</b>	<b>6,60,000</b>		
<b>6,60,000</b>			
To administrative expenses	20,000	By gross profit	
2,01,000			
To selling & distribution expenses	89,000	By interest on investment	
10,000			
		(Outside business)	
To non-operating expenses	30,000	By profit on sale of	
investments 8,000			
To net profit	80,000		
<b>Total</b>	<b>2,19,000</b>		
<b>2,19,000</b>			

You are required to calculate:

1. Gross profit ratio
2. Net profit ratio
3. Operating ratio
4. Operating profit ratio
5. Administrative expenses ratio

27. Calculate Debt-Equity ratio.

#### **Liability**

2000 Equity shares of Rs.100 each	- Rs. 2,00,000
1000 9% Preference Shares of Rs.100 each	- Rs- 1,00,000
1000 10% Debentures of Rs. 100 each	- Rs.1,00,000

Reserves:	
General reserves	- Rs. 50,000
Reserves for contingencies	- Rs. 50,000
Current liabilities	- Rs. 1,00,000
<b>Total</b>	<b>Rs. 6,00,000</b>

<b>Assets</b>	
Fixed assets	- Rs. 4,00,000
Current assets	- Rs. 2,00,000
<b>Total</b>	<b>- Rs. 6,00,000</b>

(5 x 5 = 25)

### PART D

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

28. From the following particulars, prepare the Balance Sheet of X Ltd, which has only one class of share capital. The term turnover refers to cost of sales and the term stock refers to closing stock.

a) Sales for the year	20,00,000
b) G/P ratio	25%
c) Current ratio	1.5
d) Acid test ratio	1.25
e) Stock turnover ratio	15
f) Debtors collection period	1 ½ months
g) Turnover of fixed assets	1.5
h) Ratio of reserves of share capital	1/3
i) Fixed assets to net worth	5/6

29. From the B/S of X Ltd. make out:

- A schedule of changes in working capital
- A funds flow statement

### Balance Sheet

	31-3-13	31-3-14	31-3-13
31-3-14			

	Rs.	Rs.		Rs.
Rs.				
Equity capital	3,00,000	4,00,000	Goodwill	1,15,000
90,000				
8% Redeemable			Building	2,00,000
1,70,000				
Preference Capital	1,50,000	1,00,000	Plant	
80,000	2,00,000			
General Reserve	40,000	70,000	Debtors	1,60,000
		2,00,000		
P/L A/C	30,000	48,000	Stock	
77,000		1,09,000		
Proposed dividend	42,000	50,000	B/R	20,000
		30,000		
Creditors	55,000	83,000	Cash	15,000
		10,000		
Bills payable	20,000	16,000	Cash at bank	10,000
8,000				
Provision for tax	40,000	50,000		
	<b>6,77,000</b>	<b>8,17,000</b>		<b>6,77,000</b>
<b>8,17,000</b>				

Additional information;

- a) Depreciation of Rs.10,000 and Rs.20,000 have been charged on plant and building respectively in 2014.
- b) An interim dividend of Rs.20,000 has been paid in 2014.
- c) Income tax of Rs. 35,000 has been paid in 2014.

30. What are financial statements? Explain the limitations of financial statement analysis.

31. From the following balance sheet of Abha Ltd. for the year ending 31.12.2014 and 31.12.2015,

prepare cash flow statement:

<i>Liabilities</i>	<i>2014</i>	<i>2015</i>	<i>Assets</i>	<i>2014</i>
				<i>2015</i>

	Rs.	Rs.	Rs.
Share capital	2,15,000	2,75,000	Goodwill
- 20,000			
General reserve	40,000	40,000	Plant
1,12,950      1,16,200			
P & L Account	39,690	41,220	Land
1,48,500      1,44,250			
Bank loan	59,510	-	Current assets    1,
98,530      1,70,730			
Current liabilities	73,280	52,660	Cash
7,500      7,700			
Provision for tax	<u>40,000</u>	<u>50,000</u>	
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<u>4,58,880</u>	<u>4,67,480</u>	<u>4,58,880</u>	

The following information is also provided:

- a. A dividend of Rs. 26,000 was paid during the year 2015.
  - b. Profit before tax for the year was Rs. 62,530.
  - c. During the year 2015, the company paid a tax of Rs. 25,000.
  - d. During the year, the company purchased another company and paid Rs. 60,000 in shares. It took over stock Rs. 21,640 and plant Rs. 18,360 of the vendor company.
  - e. It purchased a plant costing Rs. 5,650 during the year.
- (12 x 2 = 24)

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