

Reg. No.....

Name.....

**B. COM. DEGREE END SEMESTER EXAMINATION - APRIL 2021****SEMESTER –6: COMMERCE (CORE COURSE)****COURSE: 15U6RCOM17: ACCOUNTING FOR MANAGERIAL DECISIONS***(Common for Regular 2018 admission & Improvement 2017/Supplementary 2017/2016/2015 admissions)*

Time: Three Hours

Max Marks: 75

**SECTION A*****Answer all questions, each carries 2 marks***

1. What is meant by vertical analysis of financial statements?
2. What is meant by common size income statement?
3. What is meant by activity ratios? Give two examples.
4. Compute Current Liabilities, if Current Ratio = 2.8, Acid Test ratio = 1.5, Working capital = 1,62,000.
5. What is the treatment of provision for tax in fund flow analysis?
6. What is meant by cash flow from investing activities?
7. How will you define net profit for computing return on capital employed?
8. Name three types of cost variance.
9. What is meant by calendar variance?
10. Write any two advantages of standard costing. (2 x 10 = 20)

**SECTION B*****Answer any Five questions, each carries 5 marks***

11. Compute cash from operation from the following.

Liabilities	2003	2004	Assets	2003	2004
Share capital	1,00,000	1,25,000	Buildings	1,00,000	95,000
General Reserve	25,000	30,000	Plant	75,000	84,500
P&L A/C	15,250	15,300	Stock	50,000	37,000
Bank loan	35,000	67,600	Debtors	40,000	32,100
Creditors	75,000	-----	Cash	250	300
Provision for tax	15,000	17,500	Bank	-----	4,000
			Goodwill	-----	2,500
	2,62,250	2,55,400		2,62,250	2,55,400

Additional information:

- i. Dividend of Rs. 11,500 was paid.
  - ii. Depreciation written off on plant Rs. 7,000.
  - iii. Income tax provision was made during the year Rs. 16,500.
12. If average stock is Rs.20,000 and closing stock is Rs.2,000 more than the opening stock, calculate opening and closing stock.

13. Prepare comparative statement from the following and interpret the results (Rs. In lakhs)

Particulars	2014	2015
Net sales	600	750
Cost of goods sold	400	600
Administration expenses	20	20
Selling expenses	10	10
Net profit	170	120

14. Prepare schedule of changes in working capital from the following:

Liabilities	2003	2004	Assets	2003	2004
Share capital	4,00,000	5,00,000	Fixed Assets	10,00,000	10,00,000
			Less: Depreciation	(2,60,000)	(3,10,000)
Capital reserve	-----	20,000	Trade investments	1,10,000	90,000
General reserve	1,80,000	2,10,000	Current Assets	3,20,000	4,50,000
P&L a/c	70,000	90,000	Preliminary expenses	30,000	20,000
Debentures	3,00,000	2,00,000			
Current liabilities	1,30,000	1,20,000			
Provision for income tax	80,000	60,000			
Proposed dividend	40,000	50,000			
	12,00,000	12,50,000		12,00,000	12,50,000

Decided to value opening stock at cost which was valued previously at cost less 10%. The opening stock according to books was Rs. 63,000. The closing stock was correctly valued at cost.

15. Explain briefly the importance of financial analysis.
16. Explain AS -3.
17. From the following calculate (i) Labour Cost Variance (ii) Labour rate Variance (iii) Labour Efficiency Variance.

Standard hours specified: 250

Standard rate of wages: Rs.40/hr.

Actual hours worked: 240

Actual rate of wages paid: Rs.42/hr.

(5 x 5 = 25)

## SECTION C

**Answer any Three questions, each carries 10 marks**

18. What is variance analysis? Explain the major classification of variances.

19. Prepare cash flow statement form the following:

Liabilities	2003	2004	Assets	2003	2004
Share capital	2,00,000	2,50,000	Land and building	2,00,000	1,90,000
General reserve	50,000	60,000	Machinery	1,50,000	1,69,000
Profit & Loss A/C	30,500	30,600	Stock	1,00,000	74,000
Bank loan	70,000	-----	Debtors	80,000	64,200
Creditors	1,50,000	1,35,200	Cash	500	600
Provision for tax	30,000	35,000	Bank	-----	8,000
			Goodwill	-----	5,000
	5,30,500	5,10,800		5,30,500	5,10,800

Additional information:

- Dividend of Rs.23,000 was paid
- The following assets of another company were purchased for a consideration of Rs.50,000 payable in shares: stock: 20,000; machinery: 25,000
- Machinery was further purchased for Rs. 8,000
- Depreciation written off on machinery Rs. 12,000
- Income tax provided during the year Rs. 33,000
- Loss on sale of machinery Rs.200 was written off to general reserve

20. Prepare balance sheet from the following:

- Current ratio 2.5
- Liquid ratio 1.5
- Proprietary ratio (fixed assets / proprietors fund) 0.75
- Working capital 60,000
- Reserve and surplus 40,000
- Bank Overdraft 10,000
- There is no long term loan or fictitious assets
- From the following information, interpret the results of operation of manufacturing concern using trend ratios:

21. For the year ended 31<sup>st</sup> March

	2015	2014	2013	2012
Sales (net)	13,000	12,000	9,500	10,000
Cost of goods sold	7,280	6,960	5,890	6,000
Gross profit	5,720	5,040	3,610	4,000
Selling expenses	1,200	1,100	970	1,000
Net operating profit	4,520	3,940	2,640	3,000

22. From the following prepare statement of sources and application of funds:

<b>Liabilities</b>	<b>2016</b>	<b>2015</b>	<b>Assets</b>	<b>2016</b>	<b>2015</b>
Equity capital	2,00,000	50,000	Fixed assets	4,20,000	2,40,000
Red. Preference share	-----	1,00,000	Investments	15,000	18,000
Reserves	3,50,000	1,20,000	Stock	1,60,000	58,500
Secured loans	-----	1,25,000	Sundry debtors	92,000	1,37,000
Sundry creditors	1,90,000	2,25,000	Cash	1,20,000	1,85,000
Provision for tax	75,000	25,000	Prepaid expenses	8,000	6,500
	8,15,000	6,45,000		8,15,000	6,45,000

- On 31<sup>st</sup> December 2016, accumulated depreciation on fixed assets amounted to Rs.1,20,000 and on 31<sup>st</sup> December 2015 to Rs.1,10,000.
- Machinery costing Rs.10,000 (accumulated depreciation thereon being Rs.5,000) was discarded and written off during 2016.
- Depreciation written off during 2016 amounted to Rs. 15,000.
- During the year 2016, investments costing Rs.6,000 were sold for Rs.7,000.
- Dividend paid for 2015 was Rs. 45,000
- Redeemable preference shares were redeemed out of profits during the year at a premium of 5%.

(10 x 3 = 30)

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