

B. COM DEGREE END SEMESTER EXAMINATION - MARCH 2024
SEMESTER 6 - COMMERCE
COURSE : 19U6RCOM21 - ACCOUNTING FOR MANAGERIAL DECISIONS
(For Regular 2021 Admission and Supplementary 2020/2019 Admissions)

Time : Three Hours

Max. Marks: 75

PART A**Answer any 10 (2 marks each)**

1. Give any three managerial uses of fund flow statement.
2. How will you calculate cash from operations ?
3. What is net profit Ratio ? Show the formula.
4. What is window dressing ?
5. When does flow of funds take place ?
6. What is the need for calculating Turnover Ratio ?
7. List out four advantage of ratio analysis.
8. Is depreciation a source of finance ?
9. Give any two limitations of cash flow statement.
10. What is Bogey Standard?
11. Define Standard Cost.
12. What do you mean by comparative statement?

(2 x 10 = 20)**PART B****Answer any 5 (5 marks each)**

13. List out the steps involved in the determination of Standard Costs.
14. "Ratios are indicators sometimes pointers but not in themselves powerful tools of management." Explain.
15. Calculate 'Fund from Operations' from the following Income Statement

	Rs		Rs
To Rent Paid	25,000	By Gross Income	4,90,000
To Salaries Paid	1,00,000	By Profit on Sale of Machinery	3,000
To Provision for Depreciation	50,000	By Refund of Tax	2,000
To Commission Paid	5,000	By Dividend	10,000
To Depletion of Natural Resources	10,000	By Profit on Revaluation of Investment	10,000
To Provision for Taxation	1,50,000		
To Discount on Issue of Shares	2,000		
To Loss on Sale of Equipment	10,000		
To Provision for Doubtful Debts	3,000		
To Goodwill Written off	5,000		
To Transfer of General Reserve	6,000		
To Premium on Redemption of Debentures	1,000		
To Interim Dividend	25,000		
To Net Income	1,23,000		
	<u>5,15,000</u>		<u>5,15,000</u>

16. (a) What is the significance of ratios ?
(b) What are the limitations of ratio analysis ?
17. "Retained earnings and the allowance for depreciation are the two primary sources of funds." Comment.

18. Prepare a common size income statement from the following information and comment on the statement.

Particulars	2020	2021
Sales	800000	1000000
Cost of sales	560000	600000
Expenses	80000	100000
Other Incomes	20000	20000

19. Classify the following into cash flows from operating activities investing activities financing activities
- Cash sale of goods
 - Cash paid to suppliers of raw material
 - Cash payments of salaries and wages to employees.
 - Cash payment to acquire fixed assets
 - Cash proceeds from issues of shares at premium.
 - Payment of dividend
 - Interest received on investment
 - Interest on debenture
 - Payment of income tax
 - Cash payment of a long term loan
20. From the information, show the result of opinion of a manufacturing company using trend percentages will 2008 as base year.

Particulars	2011	2010	2009	2008
Sales	1300	1200	950	1000
Cost of goods sold	728	690	589	600
Selling expenses	120	110	97	100
Office expenses	20	22	23	25
Insurance	6	5	7	6
Depreciation	20	30	10	30
Bad Debts	15	13	16	19
Interest on loan	28	24	25	28

(5 x 5 = 25)

PART C

Answer any 3 (10 marks each)

21. From the following information you are asked to prepare a Balance sheet

1. Current liabilities	100000
2. Reserves and surplus	50000
3. Bills payable	40000
4. Debtors	35000
5. Current ratio	1.75
6. Acid test ratio	1.15
7. Fixed assets to proprietors fund	0.75
8. Ratio of fixed assets to current assets	3

22. Following is the B S of sweetly Ltd as on 31-3-21

Liability	₹	Assets	₹
Preference share capital	400000	L&B	350000
ESC	600000	P&M	400000
reserves and surplus	150000	Investment	150000
Long term loan	100000	Stock	180000
B/P	20000	Sundry Debtors	120000
Sundry Creditors	30000	Cash	120000
O/S Expenses	8000		
Proposed dividend	12000		
	1320000		1320000

Prepare common size B S and comment on the B S

23. Prepare cash flow statement from the following balance sheet of Vysali Pharmaceuticals Ltd. for the year ended 31st March 2017:

Particulars	Note No.	01.04.2016	01.04.2017
I. Equity and Liabilities			
Shareholders' Funds:			
Share capital		17,00,000	18,35,000
Reserves and surplus	1		
Reserves		42,000	83,700
P/L A/c		1,00,000	1,30,000
Preliminary expenses		(10,000)	(2,000)
Non Current Liabilities			
Long term borrowing (10% Mortgage Loan)		10,000	70,000
Current Liabilities:			
Short term borrowings (Bank OD)		8,000	18,000
Trade Payable	2	1,14,000	1,08,000
Creditors			
Bills payable		14,000	13,000
Short term Provision (proposed dividend)		70,000	50,000
TOTAL	-	20,32,000	22,92,700
II. Assets			
Non- current assets:			
Fixed assets:	3		
Tangible assets			
Buildings		8,00,000	10,00,000
Plant and Machinery		2,50,000	3,70,000
Furniture		5,000	6,000
Intangible Assets (Goodwill)		3,00,000	3,43,700
Non-current investments		1,64,000	1,70,000
Current Assets:			
Inventories (Stock)		4,00,000	3,43,700
Trade Receivables (Debtors)	4		
Debtors		1,00,000	45,000
Bills receivables		8,000	9,000
Cash and Cash Equivalents		2,000	2,200
Other CA (prepaid expenses)		3,000	3,100
TOTAL	-	20,32,000	22,92,700

Additional information:

1. Depreciation is charged on building at 3% of cost Rs 9,00,000, on plant and machinery at 8% of cost Rs 4,00,000 and on furniture at 5% of cost Rs. 8,000.
2. Investments were purchased and interest received Rs 3000 was used in writing down the book value of investments.
3. The declared dividend for 2015-16 was paid and interim dividend of 20,000 was also paid out of the profit and loss account.
4. Income tax paid during the year 2016-17 amounted to 40,000.

24. The following are the summarised Balance Sheets of Ess Kay Ltd. As at 31st March, 2020 and 2019:

Particulars	31- 03- 2020 ₹	31- 03- 2019 ₹
I. Equity and Liabilities		
<i>Shareholders' Funds:</i>		
Share capital:		
10% Preference share capital	1,10,000	1,00,000
Equity share capital	2,50,000	2,20,000
Reserves and surplus:		
Securities Premium	26,000	20,000
P&L (Balance)	1,34,000	1,04,000
<i>Non- current liabilities:</i>		
12% Debentures	64,000	70,000
<i>Current Liabilities:</i>		
Trade Payables:		
Sundry Creditors	46,000	38,000
Bills Payable	4,000	5,000
Provision for Taxation	12,000	10,000
Dividends Payable	8,000	7,000
TOTAL	<u>6,54,000</u>	<u>5,74,000</u>
II. Assets		
<i>Non- current Assets:</i>		
<i>Fixed Assets:</i>		
Machinery	2,30,000	2,00,000
Buildings	1,76,000	1,50,000
Land	18,000	18,000
<i>Current Assets:</i>		
Inventories (Stock)	98,000	84,000
Trade Receivables:		
Sundry Debtors	38,000	38,000
Bills Receivable	62,000	42,000
Cash and cash equivalents:		
Cash	32,000	42,000
TOTAL	<u>6,54,000</u>	<u>5,74,000</u>

You are required to prepare a statement of sources and applications of funds along with a supporting schedule of changes in working capital.

25. From the data calculate :

(i) Gross Profit Ratio (ii) Net Profit Ratio (iii) Return on Total Assets

(iv) Inventory Turnover (v) Working Capital Turnover (vi) Net worth to Debt

Sales	25,20,000	Other Current Assets	7,60,000
Cost of sale	19,20,000	Fixed Assets	14, 40,000
Net profit	3,60,000	Net worth	15,00,000
Inventory	8,00,000	Debt.	9,00,000
Current Liabilities	6,00,000		

(10 x 3 = 30)