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Reg. No.....

Name.....

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, JUNE 2026

Sixth Semester

Commerce

Core Course—ACCOUNTING FOR MANAGERIAL DECISIONS

{Common for Co-operation, Finance and Taxation and Travel and Tourism}

(2014—2016 Admissions—Mercy Chance)

[For Private Registration Candidates]

Time : Three Hours

Maximum Weight : 25

Instructions : *This question paper contains two sections. Answer Section I questions in the answer book provided. Section II Internal Examination questions must be answered in the question paper itself. Follow the detailed instructions given under Section II.*

Section I

PART A

Answer all questions.

*Each bunch of **four** questions carries a weight of 1.*

I. Choose the correct answer from the choices given below :

1 Financial statement analysis helps in evaluating :

- | | |
|-------------------|------------------|
| a) Profitability. | b) Liquidity. |
| c) Solvency. | d) All of these. |

2 A higher current ratio generally indicates better _____.

- | | |
|---------------|-------------------|
| a) Turnover. | b) Profitability. |
| c) Liquidity. | d) None of these. |

3 An increase in working capital is generally considered as _____.

- | | |
|----------------------|--------------------------|
| a) Sources of funds. | b) Application of funds. |
| c) No flow of funds. | d) Profit. |

Turn over





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4 A revenue centre is mainly responsible for _____.

- a) Controlling expenses.
- b) Investing capital.
- c) Preparing financial statements.
- d) Generating revenue.

II. Fill in the blanks :

5 Cash received from customers is generally classified as _____.

6 The income statement mainly shows _____ of the business.

7 Stock Turnover Ratio measures _____.

8 The cash flow statement shows changes in _____.

III. State whether the following statements are True or False :

9 Trend analysis is mainly used to study changes over a number of years.

10 Return on Capital Employed is a liquidity ratio.

11 Ratio analysis is useful only for management.

12 Responsibility accounting aims at fixing responsibility for performance.

IV. Match the following :

- | | |
|--------------------------------|------------------------------------|
| 13 Debt-Equity Ratio | a) Responsibility for costs. |
| 14 Decrease in working capital | b) Measures of long-term solvency. |
| 15 Issue of shares | c) Measures of liquidity. |
| 16 Cost centre | d) Financing cash flow. |
| | e) Sources of funds. |
| | f) Application of funds. |

(4 × 1 = 4)

PART B

*Answer any **five** questions.*

Each question carries a weight of 1.

17 What are the major limitations of financial statements ?





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- 18 What is a common- size financial statement ?
- 19 What is the inventory turnover ratio ?
- 20 Define proprietary ratio. State its formula.
- 21 What are non-fund transactions. Give two examples.
- 22 What is meant by funds from operations ?
- 23 List any *four* advantages of cash flow statement.
- 24 Define Responsibility Accounting.

(5 × 1 = 5)

PART C

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

- 25 Explain trend analysis as a tool of financial statement analysis. Discuss its advantages and limitations.
- 26 Explain the different types of activity ratios used in financial statement analysis.
- 27 Discuss the role of responsibility accounting and discuss the different types of responsibility centres.
- 28 The inventory turnover ratio is 8 times.

Gross profit ratio is 25 % on sales.

Average inventory Rs. 3,00,000.

Calculate :

- i) Cost of goods sold ;
 - ii) Net sales ; and
 - iii) Gross profit
- 29 Calculate Debtors Velocity from the following details :

Opening balance of debtors Rs. 10,000

Credit sales during the year Rs. 20,000

Turn over





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Sales returns Rs. 1,000

Discount on sales Rs. 100

Cash collected from debtors during the year Rs. 5,000

Bad debts Rs. 500

Bad debts provision at 10 %

30 Calculate Funds from Operations from the information given below as on 31st March 2024 :

- i) Net profit for the year ended 31st March, 2024 Rs. 4,90,000.
- ii) Gain on the sale of building Rs. 28,500.
- iii) Goodwill appears in the books at Rs. 1,80,000 out of that 10 % has been written off during the year.
- iv) Preliminary expenses written off during the year Rs. 4,500.
- v) Old machinery worth Rs. 8,000 has been sold for Rs. 6,300 during the year.
- vi) Depreciation has been provided during the year on machinery and furniture at 20% whose total is Rs. 6,80,000.
- vii) Rs. 1,34,000 have been transferred to Reserve Fund.

(4 × 2 = 8)

PART D

*Answer any **two** questions.*

Each question carries a weight of 4.

31 Following are the Balance Sheets of Big Boss Ltd.

<i>Liabilities</i>	1.1.2025	31-12-2025	<i>Assets</i>	1-1-2025	31-12-2025
	Rs.	Rs.		Rs.	Rs.
Creditors	36,000	41,000	Cash	4,000	3,600
Loan from X	—	20,000	Debtors	35,000	38,400
Capital	1,48,000	1,49,000	Stock	25,000	22,000
Loan from Bank	30,000	25,000	Land	20,000	30,000





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<i>Liabilities</i>	1.1.2025 Rs.	31-12-2025 Rs.	<i>Assets</i>	1-1-2025 Rs.	31-12-2025 Rs.
			Building	50,000	55,000
			Machinery	80,000	86,000
	2,14,000	2,35,000		2,14,000	2,35,000

During the year Rs. 26,000 paid as dividend. The provision for depreciation against Machinery as on 1.1.2025 was Rs. 27,000 and on 31.12.2025 Rs. 36,000. Prepare a cash flow statement.

32 What is a Fund Flow Statement ? Discuss its importance as a tool of financial analysis and managerial decision making.

33 The following is the Balance Sheet of a company as on 31st March :

Liabilities	Rs.	Assets	Rs.
Share capital	2,00,000	Land and Building	1,40,000
P and L A/c	30,000	Machinery	3,50,000
General Reserve	40,000	Stock	2,00,000
12 % Debentures	4,20,000	Sundry debtors	1,00,000
Sundry creditors	1,00,000	Bills Receivables	10,000
Bills payable	50,000	Cash at Bank	40,000
	8,40,000		8,40,000

Calculate :

- 1 Current Ratio.
- 2 Quick Ratio.
- 3 Inventory to working capital.
- 4 Debt to Equity Ratio.
- 5 Proprietary Ratio.
- 6 Capital Gearing Ratio.
- 7 Current Assets to Fixed Assets Ratio.

(2 × 4 = 8)

