

VI Semester B.B.M. Examination, May/June 2014
(Semester Scheme) (2013-14 Only) (Fresh)

BUSINESS MANAGEMENT

6.4 : E-3 : Paper – 3 : Cost and Financial Analysis

Time : 3 Hours

Max. Marks : 100

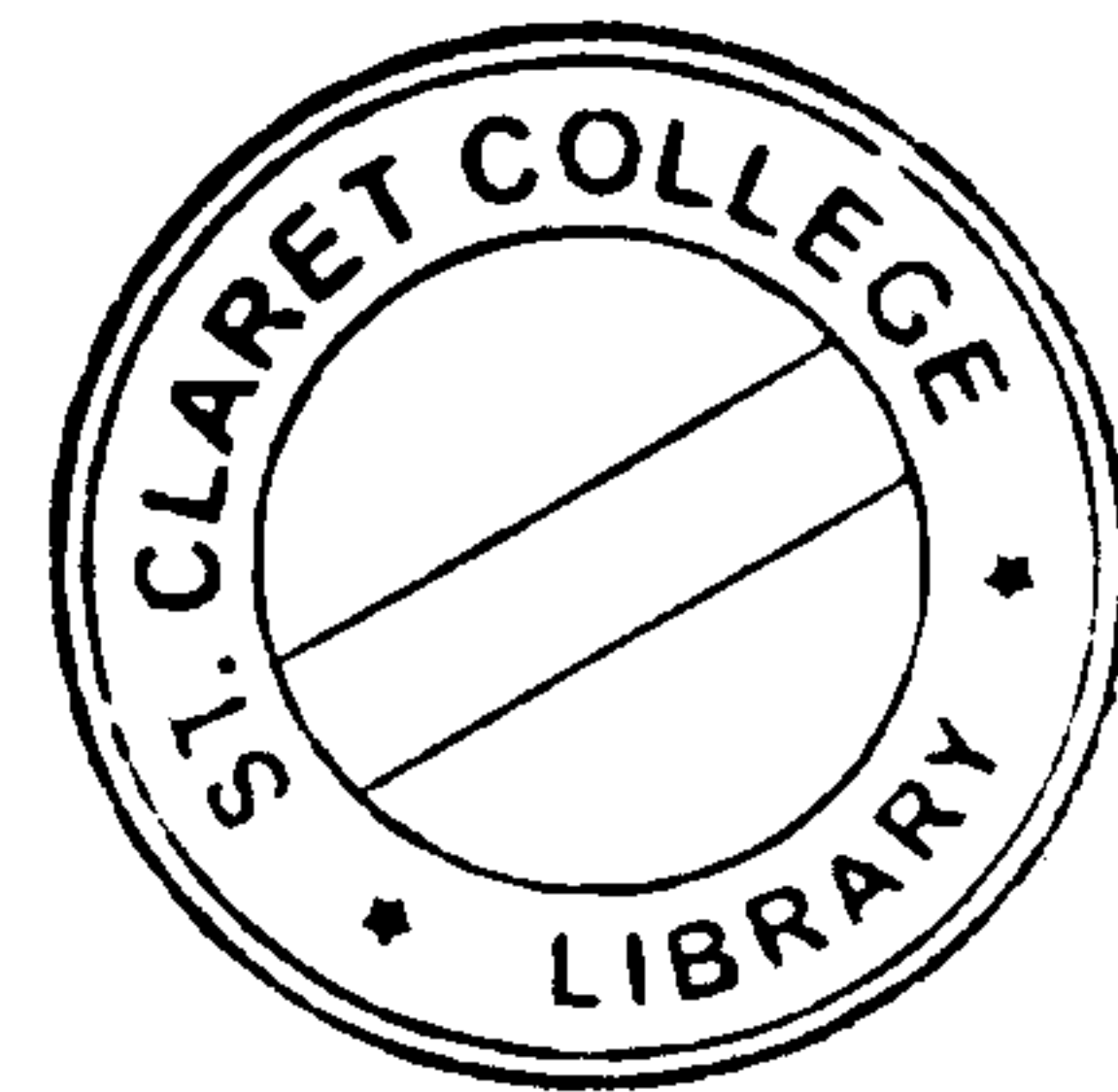
Instruction : Answer should be written in **only English**.

SECTION – A

Answer **any eight** questions. **Each** carries **2** marks.

(8×2=16)

1. a) What do you mean by Horizontal Analysis ?
- b) Give the meaning of 'Window dressing'.
- c) How do you compute 'Proprietary Ratio' ?
- d) What do you mean by Cost-Volume-Profit Analysis ?
- e) Mention two advantages of standard costing.
- f) State the meaning of 'Material Cost Variance'.
- g) What do you mean by 'Matching Concept' ?
- h) State any two uses of 'Funds Flow Statement'.
- i) Mention two merits of Inflation Accounting.
- j) What do you mean by 'Cash Flow Statement' ?



SECTION – B

Answer **any three** of the following. **Each** question carries **eight** marks:

(3×8=24)

2. Mention the nature and importance of Financial statements.
3. State the uses and limitations of Ratio Analysis.
4. What are the assumptions of Break-even-analysis ?

P.T.O.



5. Prepare Comparative Income Statement from the following :

Income Statement					
Particulars	2011	2012	Particulars	2011	2012
To Cost of goods sold	9,00,000	9,50,000	By Sales	15,25,000	17,00,000
" Administrative Expenses	93,250	95,980	" Interest and Dividend	7,500	6,200
" Selling Exp.	1,90,000	2,09,000	" Profit from sale of land	6,000	8,000
" Interest	8,000	7,000			
" Loss on sale of machinery	2,500	800			
" Income tax	85,000	1,68,000			
" Net profit	2,59,750	2,83,420			
	15,38,500	17,14,200		15,38,500	17,14,200

6. Calculate :

- i) P/V ratio
- ii) Fixed cost
- iii) Break-even sales value
- iv) Profit when sales is ₹ 1,00,000.

Period	Sales	Profit
	₹	₹
I	1,20,000	9,000
II	1,40,000	13,000

SECTION – C

Answer **any four** of the following. **Each** question carries **15** marks.

(15×4=60)

7. Explain the importance and limitations of funds flow statement.
8. What do you mean by 'Variance Analysis' ? Explain the various overhead variances.



9. The Balance Sheet of ABC Ltd., is as follows :

Liabilities	2011	2012	Assets	2011	2012
	₹	₹		₹	₹
Equity share capital	1,00,000	1,00,000	Cash	10,000	7,200
General Reserve	1,00,000	1,00,000	Debtors	70,000	76,800
P & L A/c	96,000	98,000	Stock	50,000	44,000
Current liabilities	72,000	82,000	Land	40,000	60,000
Bank Loan	62,000	90,000	Buildings	1,00,000	1,10,000
			Machinery	1,60,000	1,72,000
	4,30,000	4,70,000		4,30,000	4,70,000

During the year ₹ 52,000 dividend was paid. The provision for depreciation against machinery in 2011 and 2012 were ₹ 54,000 and ₹ 72,000 respectively.

Prepare Cash Flow Statement under indirect method.

10. Following are the Balance Sheets of PQR Ltd. Prepare Common Size Balance Sheet and study the financial position :

Liabilities	2011	2012	Assets	2011	2012
	₹	₹		₹	₹
Equity share capital	2,50,000	3,50,000	Land & building	3,50,000	4,75,000
Pref. share capital	1,20,000	30,000	Plant & Machinery	2,70,000	3,00,000
Reserves & Surplus	50,000	1,50,000	Investments	72,000	12,000
Loans	3,50,000	3,69,000	Book debts	47,500	25,000
Bills payable	25,000	14,000	Prepaid expenses	35,400	—
Creditors	18,000	8,000	Cash & bank	48,690	1,21,000
O/s expenses	8,590	4,500			
Proposed dividend	2,000	7,500			
	8,23,590	9,33,000		8,23,590	9,33,000



11. From the following data, prepare Balance Sheet :

- i) Stock velocity : 6 times
- ii) Capital turn-over ratio : 2 times
- iii) Fixed assets turn-over ratio : 4 times
- iv) Gross profit turn-over ratio : 20%
- v) Debtors velocity : 2 months
- vi) Creditors velocity : 73 days

Gross profit for the year ₹ 60,000;

Reserves and Surplus amounts to ₹ 20,000.

Closing stock was ₹ 5,000 in excess of opening stock.
