



MS – 524

60
VI Semester B.B.M. Examination, May 2016
(Prior to 2014 – 15) (Repeaters) (2011 – 12 & Onwards)
BUSINESS MANAGEMENT

Paper – 6.4 : Elective Paper – III : Cost and Financial Analysis
(100 Marks – 2013 – 14 only/90 Marks – Prior to 2013 – 14)

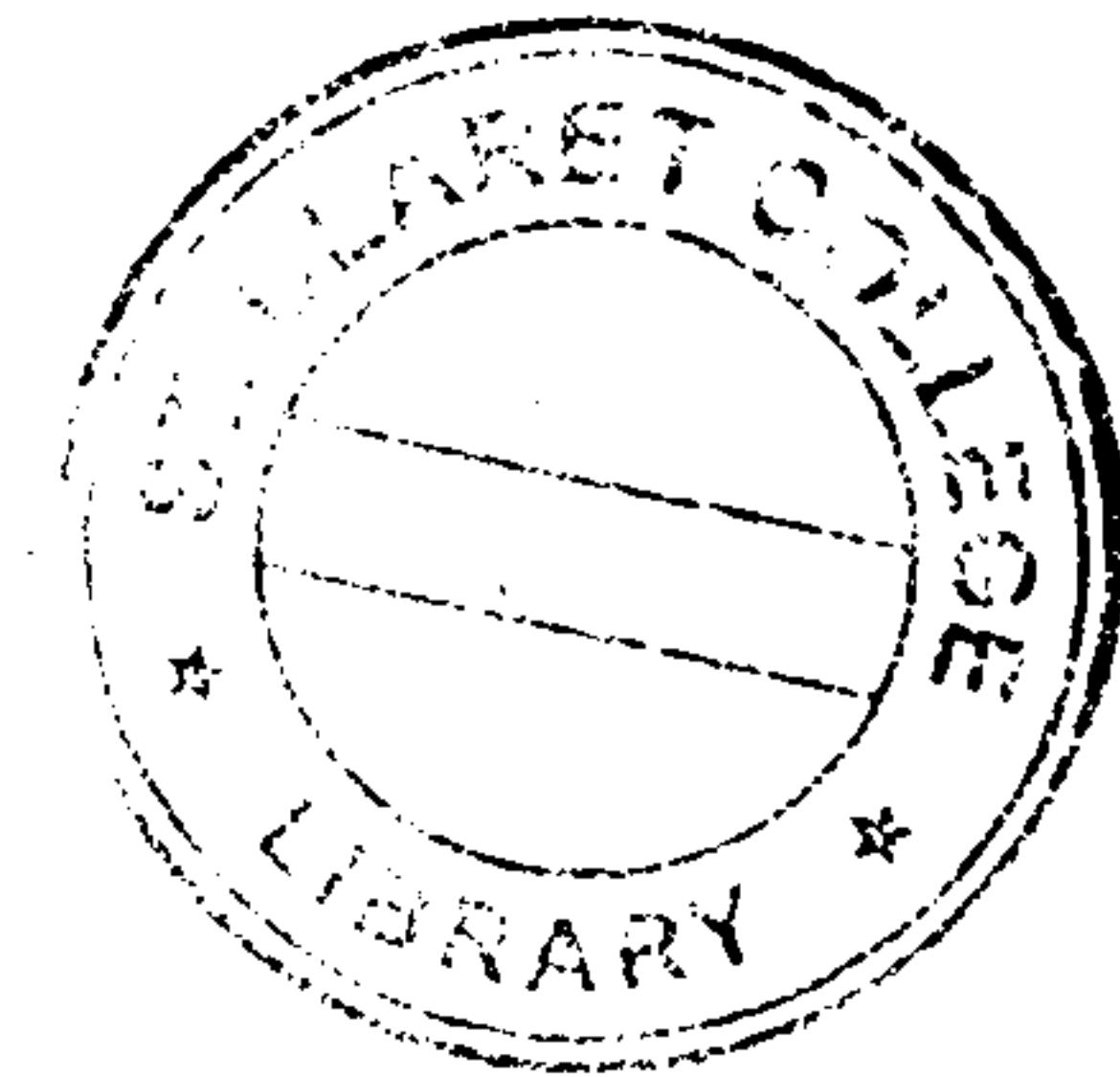
Time : 3 Hours

Max. Marks : 100/90

- Instructions :** 1) Answer should be written in **English** only.
2) Section **A, B** and **C** to be answered by **all** repeaters.
3) Section **D** should be answered by students of **2013-14** only (100 marks).

SECTION – A

1. Answer **any ten** sub-questions. **Each** sub-question carries **two** marks. (10×2=20)
- What is Business Entity Concept ?
 - Give the meaning of current assets.
 - State the components of liquid assets.
 - Expand GAAP.
 - Give the meaning of margin of safety.
 - What do you mean by vertical analysis ?
 - State the objectives of financial statements.
 - What do you understand by Accounting principles ?
 - What are the steps in preparation of fund flow statement ?
 - What do you mean by direct cost ?
 - If fixed cost is ₹ 37,500, variable cost is ₹ 75,000 and sales is ₹ 1,50,000. Calculate P/V ratio.
 - Average stock of a firm is ₹ 1,00,000, the opening stock is ₹ 12,500 less than closing stock. Calculate closing stock.



SECTION – B

- Answer **any five** of the following. **Each** question carries **five** marks. (5×5=25)
- State the various techniques of financial statement analysis.
 - Write a note on any four profitability ratio.
 - Write a short note on :
 - Going Concern Concept
 - Cost Concept.

P.T.O.



5. Prepare comparative statement from the following details of Mysore Trading Pvt. Ltd. as on 31-12-2012.

Liabilities	2011	2012	Assets	2011	2012
Share capital	4,00,000	4,00,000	Plant & Machinery	3,00,000	4,50,000
Reserve fund	35,000	70,000	Land & Building	2,70,000	1,70,000
6% Debentures	1,75,000	2,00,000	Stock	50,000	60,000
Creditors	70,000	1,00,000	Debtors	30,000	45,000
O/S liabilities	10,000	5,000	Cash	40,000	50,000
	6,90,000	7,75,000		6,90,000	7,75,000

6. State with reasons whether the following transactions results in the increase or decrease of working capital or do not affect the working capital.

- Bills Receivables ₹ 10,000 was discounted for ₹ 9,000.
- 10% Debentures ₹ 80,000 redeemed at 5% premium.
- Building purchased for ₹ 3,00,000 by issue of equity shares of the same amount.
- Preliminary expenses written off ₹ 5,000.
- Advance income tax paid ₹ 10,000.

7. From the following Balance Sheets of Indus Company prepare a statement showing changes in working capital.

Liabilities	2009	2010	Assets	2009	2010
Share capital	3,00,000	3,00,000	Goodwill	5,000	10,000
Profit & Loss A/c	60,000	75,000	Cash	70,000	25,000
Loan	70,000	1,00,000	Debtors	98,000	90,000
Trade creditors	30,000	80,000	Stock	87,000	1,20,000
Bills payable	10,000	5,000	Investments	10,000	1,15,000
			Land	2,00,000	2,00,000
	4,70,000	5,60,000		4,70,000	5,60,000

8. From the following information compute the cash inflows and outflows under different activities.

- Total salary for the period amounted to ₹ 6,000 out of which ₹ 2,000 is outstanding.
- Land was purchased for Rs. 2,50,000 by issuing debentures.
- Fully paid equity shares of the face value of ₹ 2,00,000 were issued at a premium of 10%.
- A machine was sold for ₹ 15,000. The book value of the Machine was ₹ 12,000.
- Dividend paid during the period amounted ₹ 40,000.



- f) Vehicle was purchased for cash at a cost of ₹ 1,50,000
 g) Collection from debtors amounted to ₹ 60,000.
 h) Payments to creditors amounted to ₹ 45,000.

SECTION – C

Answer **any three** questions. **Each** question carries **fifteen** marks. **(3×15=45)**

9. Explain Accounting Concepts.
 10. What are the different types of cash flows classified according to AS-3 ? Give examples.
 11. The following are the Balance Sheet of National Exports Ltd. for the years 2013 and 2014.

Liabilities	2013	2014	Assets	2013	2014
Share Capital	5,50,000	6,20,000	Plant & Machinery	7,00,000	8,80,000
Share premium	50,000	80,000	GoodWill	1,00,000	70,000
P/L A/c	1,00,000	2,00,000	Investments	1,80,000	1,80,000
Reserve fund	2,00,000	2,60,000	Stock	2,00,000	2,70,000
Debentures	3,00,000	2,00,000	Debtors	2,25,000	2,45,000
Creditors	1,60,000	2,50,000	Cash	40,000	65,000
Bills payable	1,00,000	1,10,000	Prepaid Expenses	25,000	22,000
O/S Expenses	10,000	12,000			
	14,70,000	17,32,000		14,70,000	17,32,000

You are required to prepare Fund Flow Statement.

12. Following are the Balance Sheets of Sunshine Company for the year ending 31st Dec. 2009 and 2010.

Liabilities	2009	2010	Assets	2009	2010
Share capital	4,00,000	6,00,000	Land & Building	2,70,000	1,70,000
Reserves & Surplus	3,12,000	3,54,000	Plant & Machinery	3,10,000	7,86,000
Debentures	50,000	1,00,000	Furniture & fixture	9,000	18,000
Bank loan	1,50,000	2,55,000	Patents	20,000	30,000
Bills payable	2,55,000	1,17,000	Investments	46,000	59,000
Creditors	7,000	10,000	Cash at Bank	1,18,000	10,000
			Stock	1,60,000	1,30,000
			B.R.	2,09,000	1,90,000
			Prepaid Exp.	3,000	3,000
			Debtors	29,000	40,000
	11,74,000	14,36,000		11,74,000	14,36,000

Analyse the financial position of the company with the help of common size Balance Sheet.



13. The following is the Balance Sheet of XYZ Company Ltd. as on 31st March 2014.

Liabilities	₹	Assets	₹
Equity share capital (Shares of ₹ 100 each)	20,00,000	Plant & Equipment	12,50,000
Retained earnings	5,00,000	Land & Building	5,00,000
Creditors	4,00,000	S. Debtors	4,50,000
B.P.	1,50,000	Stock	7,00,000
Other current liabilities	50,000	B.R.	1,50,000
	31,00,000	Cash	50,000
			31,00,000

Statement of profit for the year ended 31st March 2014.

Sales	50,00,000
(–) Cost of goods sold	<u>38,50,000</u>
Gross profit	11,50,000
(–) Operating expenses	<u>7,50,000</u>
Net profit before tax	4,00,000
(–) Tax @ 40%	1,60,000
Net profit after tax	2,40,000

Sundry debtors and stock at the beginning of the year were 4,00,000 and 6,00,000 respectively.

Calculate :

- | | |
|-------------------------|---------------------------|
| a) Current ratio | b) Acid test ratio |
| c) Stock turnover ratio | d) Debtors turnover ratio |
| e) Gross profit ratio | f) Net profit ratio |
| g) Earning per share | h) Return on equity. |

SECTION – D

(To be answered by students of 2013 – 14 only)

14. Write a note on :

- | | |
|---------------------|----------------------|
| a) Fixed cost | b) Variable cost |
| c) Margin of safety | d) Break even point. |
-