



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 ?



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 :

- P/V ratio
- Fixed cost
- Break-even sales value
- 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)**

- Explain the importance and limitations of funds flow statement.
- 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.

During the year ₹ 82,000 worth of machinery was purchased and ₹ 10,000 worth of machinery was sold. The opening stock was ₹ 5,000 and the closing stock was ₹ 10,000. Prepare Cash Flow Statement under indirect method.

Following are the financial statements of ABC Ltd. for the year ended 31st March 2017. Prepare Cash Flow Statement under indirect method.

Particulars	2017	2016
Equity share capital	2,50,000	2,50,000
Preference share capital	1,20,000	1,20,000
Reserves & surplus	75,000	75,000
Loans	30,000	30,000
Trade payables	20,000	20,000
Trade receivables	10,000	10,000
Other payables	5,000	5,000
Prepaid expenses	5,000	5,000
Other receivables	5,000	5,000
Total	4,85,000	4,85,000