

B.Com. DEGREE (C.B.C.S.S.) EXAMINATION, MARCH 2016

Sixth Semester

CORE COURSE 17 – ACCOUNTING FOR MANAGERIAL DECISIONS

(Common for B.Com Model I, B.Com. (Vocational Model II) and Model III B.Com. Degree Programmes)

[2013 Admissions]

Time : Three Hours

Maximum : 80 Marks

*Answers may be written either in English or in Malayalam.***Part A***Answer all questions. Each question carries 1 mark.***1. What is financial statements ?**

Financial statements at least refers to the three statements which are prepared by a business concern;

- (i) Income statement or trading and profit & loss account showing results of operations
- (ii) Position statement or balance sheet showing assets and liabilities.
- (iii) Cash flow statement showing inflow and outflow of cash from various activities. All these statements are collectively called package of financial statements.

2. What is meant by comparative statement ?

Comparative statements are those statements which are prepared in a form that reflects financial data of two or more periods. There are two types of comparative financial statements:- Comparative income statement and Comparative balance sheet.

3. What is Ratio analysis ?

Financial analysis done with the help of accounting ratios is called ratio analysis. An accounting ratio represents the mathematical relationship between two accounting variables.

4. What is meant by Return on capital employed ?

Return on capital employed is an indicator of the earning capacity of the capital employed in a business. It shows the overall profitability of the business, so it is known as overall profitability ratio.

Return on capital employed or investment

$$= \frac{\text{Operating profit}}{\text{Capital employed}} \times 100$$

5. What is fund flow statement ?

The funds flow statement is a financial statement

which reveals the methods by which the business has been financed and how it has used its funds between the two balance sheet dates. It reveals the sources and application of funds.

6. What is non-current assets ?

All assets other than current assets are called non-current assets. Non-currents assets are purchased for long period for earning purpose, not for resale. Eg: Fixed assets, intangible assets, fictitious assets, etc.

7. What is cash flow statement ?

Cash flow statement is a statement which shows the reasons for change in cash position of a business concern during a particular period. It summarizes the sources of cash inflows and uses of cash outflows of a firm during a particular period.

8. What is cash from operation ?

Net cash flows from operating activities are called cash from operations. It is calculated by deducting various operating payments from the aggregate of operating incomes.

9. What is responsibility accounting ?

Responsibility accounting is an accounting system which tracks and reports costs, expenses, revenues, and operational statistics by area of responsibility or organizational unit.

10. What is responsibility centre ?

A Responsibility centre is a segment of an organization for which a particular executive is responsible. There are three types of responsibility centres:

- (a) Expense (or cost) centre
- (b) Profit centre
- (c) Investment centre