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VI Semester B.Com. Examination, May 2016
(Repeaters) (Prior to 2014 – 15)
COMMERCE

Management Accounting

100 Marks – 2013-14 Only

90 Marks – Prior to 2013-14

Time : 3 Hours

Max. Marks : 90/100

- Instructions :** 1) Answer should be **completely** either in **English** or in **Kannada**.
2) Section **A, B, C** – Common to **all** the students.
3) Section **D** – **Compulsory** for **100** marks students.

SECTION – A

1. Answer **any 10** sub-questions. **Each** sub-question carries **2** marks. **(10×2=20)**
- a) What do you understand by Management Accounting ?
 - b) State any 2 limitations of Management Accounting.
 - c) What is common size statement ?
 - d) What do you mean by Analysis of Financial Statement ?
 - e) How do you calculate Stock turn over ratio ?
 - f) What is Current Ratio ?
 - g) Gross profit of a company is ₹ 6,00,000/- and the Gross Profit Ratio is 25%.
Calculate the sales of a company.
 - h) What do you mean by Fund flow statement ?
 - i) State any 2 components of Current Assets.
 - j) What do you mean by cash and cash equivalent ?
 - k) State any 2 limitations of Cash flow statement.
 - l) State any 2 types of management report.



SECTION – B

Answer **any 5** questions. **Each** question carries **5** marks.

(5×5=25)

2. Explain the nature and scope of Management Accounting briefly.
3. Explain the principles of a Good Management Report.
4. State any 5 differences between Cash flow statement and Fund flow statement.
5. Calculate Cash flow from operation from the following information.

Particulars	31-03-2014 (₹)	31-03-2015 (₹)
Debtors	1,50,000	1,41,000
Creditors	60,000	75,000
Bills Receivables	30,000	37,500
Bills payable	24,000	18,000
Outstanding expenses	3,000	15,000
Prepaid expenses	2,400	2,100
Profit made during the year	–	3,90,000

6. Prepare a schedule of changes in Working capital from the following information.

Particulars	2014 (₹)		2015 (₹)	
	Dr.	Cr.	Dr.	Cr.
Capital	–	2,40,000	–	2,55,000
Mortgage	–	–	–	15,000
Land & Building	1,50,000	–	1,50,000	–
Plant & Machinery	72,000	–	1,02,000	–
Stock	27,000	–	21,000	–



Debtors	49,500	—	58,500	—
Cash	12,000	—	27,000	—
Profit & Loss A/c	—	43,500	—	73,500
Creditors	—	27,000	—	15,000
	3,10,500	3,10,500	3,58,500	3,58,500

7. From the following information, calculate : (a) Gross Profit Ratio (b) Net Operating Ratio and (c) Net Profit Ratio.

Sales	—	₹ 5,00,000/-
Cost of Goods sold	—	₹ 3,50,000/-
Administration Expenses	—	₹ 12,000/-
Selling Expenses	—	₹ 8,000/-
Interest Income/Non-operating Income	—	₹ 5,000/-
Non-operating Expenses	—	₹ 12,000/-

8. Prepare comparative Income Statement from the following information.

Particulars	2014 (₹)	2015 (₹)
Sales	1,74,000	1,95,600
Cost of Goods sold	1,42,800	1,47,600
Operating Expenses :		
Administration Expenses	3,048	3,000
Selling Expenses	5,520	5,760
Non-operating Expenses	420	465
Non-operating Income	288	1,932
Tax Rate	30%	30%



SECTION – C

Answer any 3 questions. Each question carries 15 marks.

(3×15=45)

9. Prepare Balance Sheet of VIVAN TANMAY Company from the information given below :

Sales	–	₹ 18,00,000
Sales/Total Assets	–	3
Sales/Fixed Assets	–	5
Sales/Current Assets	–	7.5
Sales/Inventories	–	20
Sales/Debtors	–	15
Current Ratio	–	2
Total Assets/Net worth	–	2.5
Debt/Equity	–	1

10. The following are the Balance Sheets of BANGSU Co. Ltd. as on 31st March 2014 and 31st March 2015.

Liabilities	31-3-2014	31-3-2015	Assets	31-3-2014	31-3-2015
	(₹)	(₹)		(₹)	(₹)
Equity share capital	3,00,000	4,50,000	Fixed Assets	4,56,000	6,00,000
Premium on share	–	30,000	(Less) Depreciation (Accumulated)	1,80,000	1,20,000
Retained Earnings	2,10,750	2,55,900		<u>2,76,000</u>	<u>4,80,000</u>



Mortgage Debenture 1,50,000		–	Cash	84,300	60,000
Accounts Payable	84,000	1,44,000	Accounts Receivables	92,400	63,300
			Prepaid Expenses	11,850	9,000
			Inventory	2,80,200	2,67,600
	7,44,750	8,79,900		7,44,750	8,79,900

Additional Information :

- 1) Net Income for the year ₹ 81,150/-
- 2) Depreciation for the year ₹ 30,000/-
- 3) Interim Dividend Paid ₹ 36,000/-
- 4) Building included at a cost of ₹ 2,34,000/- and fully depreciated equipment costing ₹ 90,000/- was discarded.

Prepare :

- 1) A schedule of changes in Working capital.
- 2) A statement of sources and application of funds.

11. The following are the summarised Balance Sheet of Chubby Co. Ltd.

Liabilities	31-3-2014	31-3-2015	Assets	31-3-2014	31-3-2015
	(₹)	(₹)		(₹)	(₹)
Share capital	3,00,000	3,75,000	Land & Building	3,00,000	2,85,000
General Reserve	75,000	90,000	Machinery	2,25,000	2,56,500
Profit & Loss A/c	45,750	45,900	Stock	1,50,000	1,11,000
Bank Loan			Sundry Debtors	1,20,000	96,300
(Long term)	1,05,000	–	Cash	750	900



Sundry creditors	2,25,000	2,02,800	Bank	–	12,000
Provision for Taxation	45,000	52,500	Goodwill	–	4,500
	7,95,750	7,66,200		7,95,750	7,66,200

Additional Information – During the year 31st March 2015.

- 1) ₹ 34,500/- Dividend Paid
 - 2) Depreciation on Land & Building ₹ 15,000/-
 - 3) Machinery Purchased for ₹ 57,000/-
 - 4) Income Tax Provided ₹ 49,500/- & Depreciation writtenoff of Machinery ₹ 18,000/-
 - 5) Loss on sale of Machinery ₹ 300/- was writtenoff to General Reserve.
- You are require to prepare Cash flow statement.

12. Following are the Balance Sheets of BANGSU and CHUBBY Co. Ltd. as on 31-3-2015. Prepare common size Balance Sheet & Comment.

Balance Sheets as on 31-3-2015

Liabilities	BANGSU	CHUBBY	Assets	BANGSU	CHUBBY
	Co. Ltd.	Co. Ltd.		Co. Ltd.	Co. Ltd.
	(₹)	(₹)		(₹)	(₹)
Equity share capital	12,00,000	18,00,000	Land & Building	4,80,000	7,20,000
12% Debenture	6,00,000	12,00,000	Plant & Machinery	18,00,000	37,50,000
10% Preference share	12,00,000	15,00,000	Investments	6,00,000	12,00,000
Reserves & Surplus	6,00,000	7,20,000	Stock	9,00,000	12,00,000



Dividend Provision	3,00,000	4,20,000	Sundry Debtors	6,00,000	7,20,000
Sundry Creditors	9,00,000	24,60,000	Cash & Bank	4,20,000	8,10,000
Bank Over Draft		– 3,00,000			
	48,00,000	84,00,000		48,00,000	84,00,000

13. Following are the Balance Sheet of M/s ADYA Co. Ltd. for the year 2014 and 2015. Prepare comparative Balance Sheet & comment.

Liabilities	31-3-2014	31-3-2015	Assets	31-3-2014	31-3-2015
	(₹)	(₹)		(₹)	(₹)
Share Capital	9,00,000	12,00,000	Land & Building	5,55,000	4,05,000
Reserves & Surplus	4,95,000	3,33,000	Plant & Machinery	6,00,000	9,00,000
Debentures	3,00,000	4,50,000	Furniture	30,000	37,500
Long term loan	2,25,000	3,00,000	Other Fixed Assets	37,500	45,000
Bills payable	75,000	67,500	Cash at Bank	30,000	1,20,000
Sundry creditors	1,50,000	1,80,000	Bills Receivables	2,25,000	1,38,000
Other Current			Sundry Debtors	3,00,000	3,75,000
liabilities	7,500	15,000	Stock	3,75,000	5,25,000
	21,52,500	25,45,500		21,52,500	25,45,500

SECTION – D

14. In spite of increasing profits, Latha & Co. Ltd. for the last three years, is having shortage of cash due to which dividends can not be paid. Draft a report to management diagnosing and suggesting the appropriate action to remedy the situation.