



## VI Semester B.Com. Examination, April/May 2015

(Repeaters) (Prior to 2014-15)

## COMMERCE

## Paper – 6.3 : 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** written either in **English** or in **Kannada**.

2) Section **A, B, C** – Common to **all** students.3) Section – **D** – **Compulsory** for **100** marks paper.

## SECTION – A

1. Answer **any ten** sub-questions. **Each** sub-question carries **two** marks : (10×2=20)
- What is cash flow statement ?
  - What is a comparative statement ?
  - Give the meaning of working capital.
  - What is management reporting ?
  - Define 'Financial Statement Analysis'.
  - State any two limitations of "Management Accounting".
  - What do you mean by cash and cash equivalents ?
  - Gross profit ratio of a firm is 25%. Gross Profit is ₹ 1,00,000. Calculate the sales.
  - Give the meaning of common size statement.
  - State any two components of current assets.
  - Give the meaning of 'funds flow'.
  - What is return on capital employed ?

## SECTION – B

Answer **any five** questions. **Each** question carries **five** marks : (5×5=25)

- Explain any five advantages of cash flow statement.
- What are the objectives of Management Reporting ?
- Briefly explain any five advantages of management accounting.
- State any five differences between cash flow statement and funds flow statement.



6. The following information is given to Arun Company for the year ending 31-12-2014.

Stock turn over ratio = 4 times

Gross profit ratio = 25% on sales

Sales = ₹5,00,000

Closing stock is ₹ 17,500 more than the opening stock.

Find out :

- a) Average stock
  - b) Purchases.
7. State with reasons whether the following transactions result in increase/decrease/ no change in working capital.
- a) Bills Receivable ₹ 60,000 discounted for ₹ 59,600.
  - b) Fixed Assets sold ₹ 6,00,000.
  - c) Short term loan raised ₹ 2,00,000.
  - d) Issue of shares ₹ 1,00,000 against fixed assets.
  - e) Debtors realised ₹ 50,000.
8. From the following details, prepare Land and Building A/c and explain the treatment of various items in the preparation of cash flow statement.
- Balance in Land and Building A/c as on 1-4-2013 ₹5,40,000 and as on 31-3-2014 ₹ 7,60,000.
- Depreciation on Land and Building charged ₹ 60,000.

### SECTION - C

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

9. The following information is given :

a) Current ratio = 2.5

b) Liquid ratio = 1.5

c) Stock turn over ratio (cost of sales/closing stock) = 6 times

d) Gross profit ratio = 20%

e) Fixed asset turn over ratio = 2 times

f) Average debt collection period = 2 months

g) Fixed assets : Shareholder network = 1 : 1

h) Net working capital ₹ 4,50,000

i) Reserve : Share capital = 0.5 : 1

Draw up a Balance Sheet from the above information.



10. From the following data prepare Comparative Income Statement and submit a report to the General Manager of AB Ltd. on your findings and suggestions.

	2013	2014
	₹	₹
Net sales	2,00,000	2,20,000
Cost of goods sold	1,20,000	1,40,000
Operating expenses	40,000	50,000
Non-operating expenses	10,000	12,000
Non-operating incomes	15,000	20,000
Taxes	22,500	19,000

11. From the following Balance Sheet of Vijay Company Ltd. and Ajay Company Ltd. as on 31-3-2013. You are required to prepare Common Size Balance Sheet and comment.

Liabilities	Vijay Co.	Ajay Co.	Assets	Vijay Co.	Ajay Co.
	₹	₹		₹	₹
Equity share Capital	2,00,000	1,00,000	Land and Building	2,00,000	1,00,000
Preference share capital	1,00,000	1,00,000	Plant and Machinery	1,50,000	50,000
Reserves and Surplus	50,000	20,000	Sundry debtors	1,00,000	80,000
Long term loans	3,00,000	1,80,000	Stock	1,60,000	60,000
Creditors	60,000	30,000	Bills receivable	80,000	70,000
Bills payable	40,000	20,000	Cash at Bank	60,000	90,000
	<b>7,50,000</b>	<b>4,50,000</b>		<b>7,50,000</b>	<b>4,50,000</b>

12. The following is the Balance Sheet for the year ending 31-3-2013 and 31-3-2014.

Liabilities	31-3-2013	31-3-2014	Assets	31-3-2013	31-3-2014
	₹	₹		₹	₹
Share capital	6,00,000	7,00,000	Land and Building	4,00,000	5,00,000
General reserve	60,000	1,00,000	Plant and Machinery	2,00,000	1,50,000
P and L A/c	56,000	75,000	Investment	1,00,000	1,20,000
Creditors	1,40,000	1,20,000	Sundry debtors	65,000	1,30,000
Provision for Tax	65,000	50,000	Stock	81,000	2,15,000
Mortgage Loan	—	2,00,000	Cash at Bank	75,000	1,30,000
	<b>9,21,000</b>	<b>12,45,000</b>		<b>9,21,000</b>	<b>12,45,000</b>

**Additional information :**

- 1) Depreciation charged on land and building during the year ₹ 40,000.
- 2) Investment worth ₹ 25,000 were sold for ₹ 30,000.
- 3) Dividend paid during the year ₹ 30,000.
- 4) Tax paid during the year ₹ 15,000.

You are required to prepare a Statement of Working Capital and Funds Flow Statement.

13. From the following Balance Sheet of Nagesh Company Limited and additional information. Prepare a Cash Flow Statement.

Liabilities	2013	2014	Assets	2013	2014
	₹	₹		₹	₹
Share capital	1,70,000	1,80,000	Plant and Machinery	99,000	92,200
Share premium	9,000	11,000	Building	1,38,000	1,61,000
Retained earnings	23,820	30,820	Land	10,000	12,000
Creditors	6,900	6,000	Stock	10,220	9,620
Provision for taxation	1,000	1,400	Debtor	8,600	7,600
Outstanding salaries	2,000	1,400	Prepaid expenses	720	800
Mortgage Loan	—	20,000	Cash	6,180	9,800
Debentures	60,000	42,400			
	<b>2,72,720</b>	<b>2,93,020</b>		<b>2,72,720</b>	<b>2,93,020</b>

**Additional information :**

- i) Building acquired during the year at a cost of ₹ 60,000.
- ii) Dividend paid during the year ₹ 17,000.
- iii) A sum of ₹ 11,000 was transferred to provision for taxation.

**SECTION - D**

(Compulsory for Students answering for 100 marks).

Answer the following question. The correct answer carries ten marks : (1×10=10)

14. Prepare a common size income statement from the following :

Particulars	31-3-2014	31-3-2015
	₹	₹
Sales	21,00,000	24,00,000
Cost of goods sold	12,00,000	13,00,000
Operating expenses :		
Administration exp.	1,90,000	1,70,000
Selling expenses	2,00,000	2,40,000
Non-operating expenses :		
Interest	1,60,000	1,50,000
Income Tax	1,05,000	1,62,000