

25623(New)

B.Com. VI Semester Degree Examination, September - 2021

COMMERCE

Principles of Management Accounting
(New)

Time : 3 Hours

Maximum Marks : 80

Instructions to Candidates :

1. Attempt questions from each section according to internal choice.
2. Use of simple calculator is allowed.

SECTION - A

Answer any ten of the following.

(10×2=20)

1. a) Mention two objectives of management accounting.
b) State two features of management accounting.
c) What do you mean by financial statements?
d) Mention the objectives of financial analysis.
e) Name the liquidity ratios.
f) What are the merits of ratio analysis?
g) What is leverage?
h) What do you mean by operating leverage?
i) What are the current liabilities?
j) Give the meaning of funds flow statement.
k) State the examples of non - operating expenses.
l) What do you mean by cash flow statement?

SECTION - B

Answer any three of the following.

(3×5=15)

2. Explain briefly the types of financial analysis.

[P.T.O.]



3. From the following given information calculate debtors turnover ratio and average collection period:

Total sales	Rs.6,40,000
Cash sales	Rs.4,00,000
Debtors in the beginning	Rs. 20,000
Debtors at the end	Rs. 28,000
Bills receivable in the beginning	Rs. 20,000
Bills receivable at the end	Rs. 24,000

4. Calculate funds from operations from the following data.

Profit as per P & L A/c	Rs. 71,000
Depreciation	Rs. 30,000
Loss on sale of machinery	Rs. 1000
Goodwill written off	Rs. 1000

Patents written off	Rs. 500
Discount on issue of shares	Rs. 2,000
Profit on sale of Building	Rs. 12,500

5. Calculate operating and financial leverages from the following data.

Fixed cost	1,20,000
Variable cost	2,00,000
Sales	4,00,000
Interest	40,000

6. From the following information calculate cash flows from investing activities :

Profit & Loss A/c as on 31.3.2021	50,000
Purchase of machinery	1,00,000
Purchase of goodwill	40,000
Sale of machinery	14,000
Purchase of Investments	60,000
Sale of patents	16,000
Interest and dividend received	4,000
Sale of investment	20,000
Rent received	8,000

From building which was purchased as investment out of surplus.

SECTION - C

Answer any three of the following.

(3×15=45)

7. Define management Accounting. State the differences between financial accounting and management accounting.
8. Shri Ganesh & Sons Presents to you the following statement of assets and liabilities as on 31.12.2020

Particulars	Note	Amt	Total
I. Equity & Liabilities:			
1. <u>Share holders funds:</u>			
a. Share capital	1	10,00,000	
b. Reserve & Surplus	2	<u>2,00,000</u>	12,00,000
II. Assets:			
1. <u>Non current Assets:</u>			
Fixed Assets Tangible Assets	6		1,00,0000
2. <u>Current Assets:</u>			
Inventories	7		5,00,000
Trade receivables	8		3,00,000
Cash and Cash equivalents	9		2,00,000
Total			<u>20,00,000</u>

Notes to accounts

Rs.

Note. 1	Share capital	
	Equity share capital	10,00,000
	Share capital	<u>10,00,000</u>

[P.T.O.]

Note 2.	<u>Reserves & Surplus</u>	
	Reserves Fund	2,00,000
	Reserve & Surplus	<u>2,00,000</u>
Note 3.	<u>Long term borrowings.</u>	
	6% Debentures	3,00,000
Note 4.	<u>Short term borrowings.</u>	
	Bank overdraft	2,00,000
Note 5.	<u>Trade payables</u>	
	Creditors	<u>3,00,000</u>
	Trade payables	<u>3,00,000</u>
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Note 6.	<u>Tangible Assets (F.A)</u>	
	Tangible Assets	10,00,000
		<u>10,00,000</u>
Note 7.	<u>Inventories</u>	
	Stock	5,00,000
		<u>5,00,000</u>
Note 8.	<u>Trade Receivables.</u>	
	Debtors	3,00,000
	Trade Receivables	<u>3,00,000</u>
Note 9.	<u>Cash and Cash equivalents</u>	
	Cash	2,00,000
	Cash and Cash equivalents	<u>2,00,000</u>

You are required to calculate :

1. Liquid Ratio
2. Current Ratio.
3. Solvency Ratio.
4. Debt equity Ratio.
5. Stock to working capital Ratio.

9. The data relating to two companies are as given below :

Particulars	'A' Co	'B' Co
Equity capital	4,00,000	3,00,000
10% debentures	3,00,000	4,50,000
Selling price per unit	30	175
Fixed cost per annum	5,00,000	12,00,000
Variable cost per unit	10	60
Output in units (p.a)	50,000	20,000

You are required to calculate the operating leverage financial leverage and combined leverage of two companies.

10. From the following statement of Assets and liabilities of XYZ Co. Ltd. Ballary prepare funds flow statement. <https://www.kswuonline.com>

Particulars	Note	2019		2020	
		Amt	Total	Amt	Total
I. <u>Equity & Liabilities</u>					
1. Shareholders funds					
a. Share capital	1	1,00,000	1,20,000		
b. Reserves & Surplus	2	<u>30,000</u>	1,30,000	<u>31,000</u>	1,51,000
2. <u>Non current liabilities</u>					
Long term borrowings	3		20,000		10,000
3. <u>Current liabilities</u>					
i. Trade payables	4	9,200		6,200	
ii. Short term provisions	5	<u>16,000</u>	<u>25,200</u>	18,000	<u>24,200</u>
Total			<u>1,75,200</u>		<u>1,85,200</u>
II. Assets :					
1. <u>Non current Assets :</u>					
a. Fixed Assets					
i. Tangible Assets	6	77,000	72,000		
ii. Intangible Assets	7	12,000	12,000		
b. Non current investments	8	<u>30,000</u>	1,19,000	<u>31,000</u>	1,15,000
2. <u>Current Assets</u>					
i. Inventories	9	30,000	23,400		
ii. Trade receivables	10	19,600	31,600		
iii. Cash and Cash equivalents	11	<u>6,600</u>	<u>56,200</u>	<u>15,200</u>	<u>70,200</u>
Total			<u>1,75,200</u>		<u>1,85,200</u>

[P.T.O.]

	2019	2020
Note 1 : <u>Share capital</u>	<u>1,00,000</u>	<u>1,20,000</u>
Share capital	1,00,000	1,20,000
Note 2 : <u>Reserves & Surplus :</u>		
General Reserve	14,000	18,000
Profit & Loss	16,000	13,000
Reserves & Surplus	<u>30,000</u>	<u>31,000</u>
Note 3 : <u>Long term borrowings :</u>		
Debentures	20,000	10,000
Long term borrowings	<u>20,000</u>	<u>10,000</u>
Note 4 : <u>Trade Payables:</u>		
Sundry creditors	8,000	5,400
Bills payable	1,200	800
Trade payables	<u>9,200</u>	<u>6,200</u>
Note 5 : <u>Short term provisions :</u>		
Provision for tax	16,000	18,000
Short term provisions	<u>16,000</u>	<u>18,000</u>
Note 6 : <u>Tangible Assets :</u>		
Buildings	40,000	36,000
Plant	37,000	36,000
Tangible Assets	<u>77,000</u>	<u>72,000</u>
Note 7 : <u>Intangible Assets :</u>		
Goodwill	12,000	12,000
Intangible Asset	12,000	12,000
Note 8 : <u>Non current Investments :</u>		
Investment (long term)	30,000	31,000
	<u>30,000</u>	<u>31,000</u>
Note 9 : <u>Inventories :</u>		
Stock	30,000	23,400
Inventories	30,000	23,400
Note 10 : <u>Trade Receivables :</u>		
Debtors	17,600	18,400
Bills receivable	2,000	13,200
Trade Receivables	19,600	31,600
Note 11 : <u>Cash and Cash equivalents :</u>		
Cash at Bank	6,600	15,200
Cash and Cash equivalents	<u>6,600</u>	<u>15,200</u>

Additional Information :

- a. Depreciation on plant and Building Rs. 4000.
 - b. Tax paid during the year was Rs. 19,000.
 - c. Interim dividend of Rs. 8000 was paid during 2020.
11. The following is the summary of cash account of ABC Ltd for the year ending 31.12.2020. You are required to prepare cash flow statement in accordance with AS 3 using direct method.

Cash Account

For the year ending 31.12.2020

Receipts	Amt	Payment	Amt
Balance as on 1.1.2020	37,500	Payment to suppliers	15,00,000
Issue of equity shares	2,25,000	Purchase of fixed assets	1,50,000
Receipts from customers	21,00,000	Overhead expences	1,50,000
Sale of fixed Assets	75,000	Wages and salaries	75,000
		Tax	1,87,500
		Dividend	37,500
		Repayment of Bank loan	2,25,000
		Balance as on 31.12.2020	1,12,500
	<u>24,37,500</u>		<u>24,37,500</u>