# VI Semester B.Com. Examination, May 2017 (2014 - 2015 & Onwards) (Repeaters) COMMERCE

Paper - 6.4: Management Accounting

Time : 3 Hours Max. Marks : 100

Instruction: Answer should be written completely either in English or Kannada.

#### SECTION - A

Answer any 10 sub-questions. Each sub-question carries 2 marks.

(10×2=20)

- a) Give the meaning of Management Accounting.
  - State any 2 difference between Financial Accounting and Management Accounting.
  - c) What is Cash Flow Statement.
  - d) Write any 2 limitations of Ratio Analysis.
  - e) What is comparative income statement?
  - State any 2 uses of Management Reporting.
  - g) State any 4 components of current assets.
  - h) What is fund flow statement?
  - i) Mention any 4 types of profitability ratio.
  - j) What is Trend Analysis?
  - k) Sales is ₹ 5,00,000, gross profit ratio is 25%. Calculate cost of goods sold.
  - Average stock of a firm is ₹ 1,00,000. Its opening stock is ₹ 20,000 less than its closing stock. Find out Opening and Closing stock.

### SECTION - B

Answer any 4 questions, carries 8 marks.

 $(4 \times 8 = 32)$ 

Shashi Co. Ltd. is facing problem of shortage of working capital, as a Management Accountant, you are required to draft a report to the management explaining the reasons for shortage of working capital.

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3. From the following information compute Trend Analysis (use 2014 as Base Year).

Particulars	on pole frend Analysis (use 2014 as Base)					
	2014	2015	2016			
Revenue from operation	2,00,000	4,00,000	6,00,000			
Other income	20,000	30,000				
Other expenses:		000,000	40,000			
Cost of goods sold	1,50,000	2,00,000	0.50.000			
Office expenses	20,000		2,50,000			
Selling expenses		25,000	35,000			
	10,000	30,000	40,000			
Interest	15,000	22,500	30,000			
Income tax	12,000	18,000	24,000			

- 4. From the following information, calculate:
  - a) GPR
  - b) Operating Ratio
  - c) Operating Profit Ratio
  - d) Net Profit Ratio.

Particulars	Amt.
Sales	5,00,000
COGS	3,00,000
Administrative expenses	1,00,000
Selling and distribution expenses	25,000
Non operating income	6,000
Non operating expenses	9,000

5. From the following particulars prepare a schedule of changes in working capital,

Particulars	31-3-2015	31-3-2016
Creditors	50,000	60,000
Bills Payable	24,000	16,000
O/S expenses	12,000	10,000
Debtors	1,30,000	2,10,000
Stock	1,80,000	1,68,000
Bills Receivable	32,000	60,000
Cash in hand	26,000	40,000
Prepaid rent	30,000	40,000

6. From the following information calculate cash from operating activities.

Particulars	2016	2017
P&LA/c	1,20,000	1,30,000
Debtors	1,70,000	1,00,000
Bills Receivable	80,000	1,62,000
General reserve	3,50,000	4,20,000
O/S expenses	50,000	20,000
Prepaid expenses	15,000	20,000
Goodwill	1,50,000	1,20,000

SECTION-C

Answer any 3 of the following questions. Each question carries 16 marks. (3x16=48)

7. From the following Balance Sheet of Kavya and Navya Ltd. as on 31-3-2017.

Liabilities	Kavya Ltd.	Navya Ltd.	Assets	Kavya Ltd.	Navya Ltd.
Equity share			Land and Building	9,00,000	4,40,000
capital	6,50,000	3,60,000	Machinery	7,00,000	5,00,000
Preference share			Investment	1,00,000	60,000
capita!	3,00,000	2,00,000	Debtors	3,40,000	2,80,000
Reserve and Surplus	2,50,000	2,40,000	Cash and Bank	1,10,000	40,000
Long term loans	9,00,000	5,00,000	Prepaid expenses	60,000	28,000
Bills payable	60,000	30,000			
O/S expenses	10,000	4,000			
Creditors	40,000	14,000			
	22,10,000	13,48,000		22,10,000	13,48,000

You are required to prepare Comparative Balance Sheet and Comment.

8. The following information is given:

Current ratio 2, 5 : 1 Liquidity ratio 1, 5 : 1

Net working capital 3,00,000

Stock turnover ratio 6 times

Gross profit ratio 20%

Fixed asset turnover ratio 2 times

Average debt collection period 2 months

Fixed assets to net work 1:1

Reserve to share capital 0, 5:1

Prepare the Balance Sheet from the above given information.

The following is the Balance Sheet of Sharath Ltd. as on 31-3-2016 and 31-3-2017.

Liabilities	2016	2017	Assets	2015	0047
	2.010	2017		2016	2017
Equity share			Fixed assets	5,20,000	4,16,000
capital	5,85,000	5,85,000	Long term		
General reserve	3,90,000	4,03,000	investment	65,000	78,000
P&L A/c	72,800	88,400	Stock	3,12,000	2,73,000
Creditors	2,18,400	1,74,200	Debtors	2,73,000	5,91,500
Provision for			Bank	1,93,700	2,56,100
taxation	97,500	13,000		7,00,00	2,00,100
Bank loan	_	3,51,000			
	13,63,700	16,14,600		13.63.700	16.14.600

## Additional information:

- Provision for tax during the year₹ 1,10,000.
- 2) Interim dividend paid₹ 52,000.
- During the year fixed assets costing in ₹ 13,000 were sold for ₹ 15,000.
- Investment costing ₹ 10,000 were sold during the year for ₹ 13,000.

Your are required to prepare:

- a) Statement of changes in working capital.
- b) Fund flow statement.
- Following are the Balance Sheet of Shravanth Co. Ltd. as on 31-3-2016 17.

Liabilities	2016	0047			
Ciabilities	2016	2017	Assets	2016	2017
Share capital	2,25,000	2,25,000	Fixed assets	2,00,000	1,60,000
General reserve	1,50.000	1,55,000	investments	25,000	30,000
P&L. A/c	28,000	34,000	Stock	1,20,000	1,05,000
Creditors	84,000	67,000	Debtors	1,05,000	2,27,500
Provision for tax	37,500	5,000	Bank	74,500	98,500
Short term loan	_	1,35,000		,	00,000
	5,24,500	6,21,000		5,24,500	6,21,000
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# Additional information:

- a) Investment costing ₹ 4,000 was sold during the year 2017 for ₹ 4,250.
- b) Provision for taxation made during the year 2017 was ₹ 4,500.
- c) During the year 2017, a part of the fixed asset costing ₹ 5,000 was sold for ₹ 6,000, depreciation on the assets ₹ 500.
- d) Dividend paid during the year 2017 ₹ 20,000.

Prepare cash flow statement as per AS-3 (indirect method).