VI Semester B.Com. Degree Examination, May 2016 (Freshers + Repeaters) (2014-15 and Onwards) COMMERCE

Paper - 6.4 : Management Accounting

Time: 3 Hours Max. Marks: 100

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

SECTION - A

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

 $(10 \times 2 = 20)$

- 1. a) Give the meaning of management accounting.
 - b) What is comparative income statement?
 - c) State any two objectives of management accounting.
 - d) What is internal analysis?
 - e) What is 'funds flow'?
 - f) State any two objectives of management reporting.
 - g) State any four balance sheet ratios.
 - h) What is cash flow statement?
 - Mention any two differences between management accounting and financial accounting.
 - j) What are the steps involved in the preparation of fund flow statement?
 - k) Gross profit ratio = 20% on sales, gross profit is Rs. 50,000. Calculate cost of goods sold.
 - Stock turnover ratio is 5 times. Average stock is Rs. 20,000. Rate of G.P. on sales is 20%. Calculate sales and gross profit.

SECTION - B

Answer any 4 questions. Each question carries 8 marks.

 $(4 \times 8 = 32)$

- ABC Company 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.
- 3. From the following information compute trend ratios, use 2013 as base (trend percentage)

Particulars	2013	2014	2015	
	Rs.	Rs.	Rs.	
Sales	2,00,000	4,50,000	5,50,000	
Cost of goods sold	1,50,000	3,00,000	3,00,000	P.T.O.



10,000	55,000	70,000
5,000	30,000	45,000
2,000	5,000	6,000
6,000	14,000	30,000
15,000	20,000	50,000
	5,000 2,000 6,000	5,000 30,000 2,000 5,000 6,000 14,000

4. Particulars 2014 2015 Plant value @ cost 2,00,000 4,00,000 Depn. prov. A/c 20,000 40,000

During the year 2015, a plant costing Rs. 25,000, accumulated depreciation being Rs. 18,000 was sold Rs. 12,000.

Prepare:

1) Plant A/c

2) Depn. provision A/c

5. From the following details find out funds from operation.

Particulars	HS.
P/L A/c balance as at 1-4-2014	1,90,000
P/L a/c balance as at 31-3-2015	2,80,000
Depreciation on machinery	13,000
Goodwill written off	8,000
Proposed dividend	16,000
Transfer to general reserve	12,000
Profit on sale of investment	1,000
Dividend received	2,500
Provision for taxation	18,000
Preliminary expenses written off	6,000.

6. From the following Balance Sheets of A Co. Ltd. You are required to prepare a schedule of working capital changes.

Liabilities	31-3-2014	31-3-2015	Assets	31-3-2014	31-3-2015
	Rs.	Rs.		Rs.	Rs.
Share capital	3,00,000	4,00,000	Goodwill	60,000	55,000
General reserve	30,000	40,000	Machinery	87,000	1,10,000
P and L A/c	26,000	35,000	Building	1,00,000	1,50,000
Creditors	25,000	30,000	Debtors	65,000	1,05,000
Bills payable	12,000	8,000	Stock	90,000	84,000
O/s expenses	6,000	5,000	Bills receivable	16,000	30,000
Proposed dividend	15,000	20,000	Cash in hand	13,000	20,000
Provision for taxation	32,000	36,000	Cash at bank	15,000	20,000
	4,46,000	5,74,000	•	4,46,000	5,74,000

Additional information:

Consider proposed dividend and provision for taxation as non-current liability.

SECTION - C

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

7. Following are the Balance Sheets of Suhas Co. Ltd. as on 31-3-2014 and 31-3-2015: 31-3-2014 31-3-2014 31-3-2015 Assets Liabilities Rs. Rs. Rs. Rs. 4,00,000 Plant and 3,00,000 Equity share capital 6,25,000 3,00,000 Machinery 12% preference 2,50,000 Land and 2,00,000 share capital 2,20,000 1.80,000 Building Reserves and 2.00,000 1,90,000 Investment 1,00,000 1,00,000 surplus 2,00,000 1,50,000 2,00,000 Stock 1,00,000 10% Debentures 1,20,000 1.00,000 4,10,000 Sundry debtors 2,00,000 Sundry Creditors 1,35,000 70,000 50,000 Cash Bills payable 9,00,000 15,00,000 15.00,000 9,00,000

You are required to prepare comparative Balance Sheet and comment.

 The following are the summarised Trading and Profit and Loss A/c and Balance Sheet of C.G. Ltd. for the year ended 31-3-2015.

Sheet of C.G. Ltd. 101 ii	ie year chaca c	, , 0, 20 , 0,	Rs.
Particulars	Rs.	Particulars	
To Opening Stock	2,40,000	By Cash sales	2,40,000
To Cash Purchases	1 20 000	By Credit sales	9,60,000
	6,40,000		1,60,000
To Credit Purchases	3,60,000	by closing and	
To Gross Profit c/d			13,60,000
	13,60,000		
To General Expenses	80,000	By Gross Profit b/d	3,60,000
To Depreciation	40,000		
To Income tax	60,000		
To Net profit c/d	1,80,000		
10 Net profit 6/4	3,60,000		3,60,000
	Ralance Shee	et as on 31-3-2015	_
* 4 * *****		Assets	Rs.
Liabilities		Fixed assets	3,40,000
Share Capital	6,00,000	Investments	2,00,000
General Reserve		Investments	1,60,000
Profit and Loss A/c	2,20,000	Stock	
Creditors	1,60,000	Debtors	3,20,000
	40,000		1,20,000
Bills Payable	11,40,000		11,40,000
	11,40,000	1	•

Compute:

- a) G.P. Ratio
- b) N.P. Ratio
- c) Operating cost ratio
- d) Stock turnover ratio
- e) Current ratio
- f) Liquid ratio
- g) Debtors turnover ratio
- h) Creditors turnover ratio



- 9. From the following Balance Sheet of RK Ltd. and additional information prepare:
 - i) Statement of changes in working capital
 - ii) Funds flow statement

ii) i uiids now state.	31-3-2014	31-3-2015	Assets	31-3-2014	31-3-2015
Liabilities	31-3-2014 Rs.	Rs.	A3500	Rs.	Rs.
Equity share capital		7,00,000	Building	4,50,000	6,00,000
P and L A/c	75,000		Machinery	3,30,000	4,00,000
Long term debt	3,00,000		Furniture	85,000	1,05,000
Creditors	4,50,000	5,40,000	Stock	3,60,000	4,50,000
Bills payable	85,000	95,000	Debtors	2,10,000	1,70,000
O/s expenses	5,000	10,000	Cash	70,000	1,20,000
			Preliminary		
			expenses	10,000	_
	15.15.000	18,45,000		15,15,000	18,45,000

Additional Information:

- a) Depreciation written off on machinery Rs. 30,000 and on furniture Rs. 15,000
- b) Building purchased during the year Rs. 1,50,000
- c) Preliminary expenses written off Rs. 10,000
- 10. Following are the Balance Sheets of ABC Ltd. as on 31-3-2014 and 31-3-2015.

Following are the ba		001700000	Acceto	31-3-2014	31-3-2015
Liabilities	31-3-2014	31-3-2015	Assets		-
	Rs.	Rs.		Rs.	Rs.
Share capital	6,84,000	9,00,000		2,30,000	1,80,000
9% preference	3,00,000	2,00,000	Land and Building	4,00,000	3,40,000
share capital General Reserve	80,000	1,40,000		1,60,000	4,00,000
P and L A/c	60,000	96,000		1,54,000	2,18,000
Creditors	1,10,000 40,000	1,66,000 32,000	Debtors	3,20,000	4,00,000
Bills payable Provision for	-10,000	·	Bills receivable		60,000
taxation	80,000	1,00,000		50,000 13,54,000	36,000 16,34,000
	13,54,000	16,34,000		13,34,000	10,01,000

Additional Information:

- a) Dividend paid Rs. 40,000
- b) Depreciation written off during the year 31-3-2015 land and building Rs. 40,000 and plant Rs. 20,000
- c) Provision for taxation made during the year 2015, was Rs. 90,000

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