



VI Semester B.Com. Examination, May/June 2018  
(2016-17 and Onwards) (CBCS) (Fresh + Repeaters)  
COMMERCE

Paper – 6.4 : Management Accounting

Time : 3 Hours

Max. Marks : 70

**Instruction :** Answers should be written completely in English or in Kannada.

SECTION – A

Answer any 5 sub questions. Each sub-question carries 2 marks. (5×2=10)

1. a) Give the meaning of Management Accounting.
- b) What is Trend Analysis ?
- c) Mention two objectives of Management Reporting.
- d) Write any four components of current liabilities.
- e) What is a Cash Flow Statement ?
- f) How do you calculate 'Dividend Payout Ratio' ?
- g) Give the meaning of working capital.

SECTION – B

Answer any three questions. Each question carries 6 marks. (3×6=18)

2. Briefly explain the advantages of Management Accounting.
3. Given :

Current Ratio 1.4

Liquid Ratio 1

Stock turnover ratio (Closing stock) 8

Gross profit ratio 20%

Sales for the year Rs. 10,00,000

From the above calculate working capital.

P.T.O.



4. From the following prepare a Comparative Income Statement :

Particulars	31-3-2017	31-3-2018
	Rs.	Rs.
Sales	21,50,000	25,00,000
Cost of goods sold	13,00,000	14,50,000
<u>Operating Expenses :</u>		
Administrative expenses	2,10,000	1,80,000
Sellings Expenses	1,90,000	2,50,000
<u>Non-operating Expenses :</u>		
Interest paid	1,40,000	1,20,000
Income tax	1,70,000	2,30,000

5. Prepare a schedule of changes in working capital from the following :

Particulars	31-3-2017	31-3-2018
	Rs.	Rs.
Bank Overdraft	8,000	—
Creditors	40,000	45,000
Bills Payable	5,000	8,000
O/S Expenses	3,000	5,000
Debtors	20,000	40,000
Stock	15,000	25,000
Bills Receivable	—	5,000
Cash in hand	1,000	8,000
Pre-paid Rent	2,000	3,000



6. From the following details find out funds from operation/Funds lost in operation :

Particulars	Rs.
P and L A/c balance as on 1-4-2017	6,54,450
P and L A/c balance as on 31-3-2018	7,45,650
Depreciation on Plant and Machinery	47,740
Profit on Revaluation on Investments	34,430
Goodwill written off	25,070
Preliminary expenses written off	51,250
Provision for Tax	25,520
Proposed Dividend	52,250
Profit on sale of buildings	65,560
Dividend received	41,140
Interest on Investments	9,050

SECTION – C

Answer **any three** questions. **Each** question carries **14** marks. (3×14=42)

7. Following is the Balance Sheet of AB Ltd. as on 31<sup>st</sup> March 2018 :

Liabilities	Rs.	Assets	Rs.
Equity Share Capital	5,00,000	Land and Buildings	9,00,000
8% preference share capital	4,00,000	Plant and Machinery	8,00,000
Reserves and surplus	4,00,000	Closing stock	3,00,000
9% Debentures	6,00,000	Debtors	2,00,000
Current liabilities	4,00,000	Bank	90,000
		Prepaid expenses	10,000
	<b>23,00,000</b>		<b>23,00,000</b>



**Additional Information :**

Sales during the year Rs. 8,00,000, Cost of goods sold Rs. 6,00,000, Administrative expenses Rs. 1,12,000, Commission and Discount earned Rs. 12,000, loss on sale of machinery Rs. 34,000, profit on sale of building Rs. 54,000.

You are required to calculate :

- a) Current Ratio
- b) Liquid Ratio
- c) Stock Turn over Ratio
- d) Gross Profit Ratio
- e) Operating Cost Ratio
- f) Net Profit Ratio
- g) Debt – Equity Ratio
- h) Solvency Ratio
- i) Proprietary Ratio.

8. From the following Balance Sheets of Gowri Co. Ltd, prepare :

- i) Statement of changes in working capital and
- ii) Fund flow statement.

<b>Liabilities</b>	<b>31-3-2017</b>	<b>31-3-2018</b>	<b>Assets</b>	<b>31-3-2017</b>	<b>31-3-2018</b>
Share Capital	4,00,000	5,00,000	Land and		
General Reserve	80,000	1,40,000	Buildings	4,00,000	4,80,000
P and L A/c	64,000	78,000	Machinery	3,60,000	2,60,000
Bank loan			Stock	2,00,000	2,52,000
(long term)	3,20,000	80,000	Debtors	1,60,000	1,28,000
Creditors	3,00,000	2,60,000	Bank	1,04,000	18,000
Provision for taxation	60,000	80,000			
	<b>12,24,000</b>	<b>11,38,000</b>		<b>12,24,000</b>	<b>11,38,000</b>



**Additional Information :**

- 1) During the year 31-3-2018 dividend of Rs. 84,000 was paid.
  - 2) Assets of another company were purchased for a consideration of Rs. 1,00,000 payable by the issue of shares and the assets include land and Buildings Rs. 50,000 and stock Rs. 50,000.
  - 3) Income tax paid during the year Rs. 70,000.
  - 4) Depreciation written off Machinery Rs. 24,000 and Land and Building Rs. 45,000.
9. From the following Balance Sheets of A Ltd. and B Ltd. as on 31-3-2018, you are required to prepare a common size Balance Sheet and comment.

<b>Assets</b>	<b>A. Ltd. Rs.</b>	<b>B. Ltd. Rs.</b>
Land and Building	9,00,000	4,40,000
Machinery	7,00,000	5,00,000
Investments	1,00,000	60,000
Debtors	3,40,000	2,80,000
Cash and Bank	1,10,000	40,000
Prepaid Expenses	60,000	28,000
	<b>22,10,000</b>	<b>13,48,000</b>
	<b>A. Ltd.</b>	<b>B. Ltd.</b>
<b>Liabilities</b>		
Equity share capital	6,50,000	3,60,000
Preference share capital	3,00,000	2,00,000
Reserves and surplus	2,50,000	2,40,000
Long term loans	9,00,000	5,00,000
Bills payable	60,000	30,000
O/s expenses	10,000	4,000
Creditors	40,000	14,000
	<b>22,10,000</b>	<b>13,48,000</b>



10. State with reasons whether the following transactions result in increase or decrease of working capital or do not affect the working capital.
- a) A company issued Debenture for Rs. 2,00,000.
  - b) Creditors took over investments Rs. 17,500.
  - c) Stock Rs. 10,000 was sold for Rs. 15,000.
  - d) Income tax paid Rs. 25,000.
  - e) Underwriting commission paid Rs. 6,000.
  - f) Machinery purchased by issue of Equity Shares for Rs. 60,000.
  - g) Investment Rs. 50,000 were sold for Rs. 15,000  
(Assumed Investments are long term)
  - h) Rs. 40,000 was transferred from P and L A/c to General Reserve.
  - i) Creditors Account for Rs. 40,000 were settled at 5% discount.
  - j) Amount paid for Insurance Rs. 7,000 includes Rs. 1,500 pre-paid insurance.

11. Following are the summerised Balance Sheets of a Company as on 31-3-2017 and 31-3-2018.

Liabilities	31-3-2017	31-3-2018
	Rs.	Rs.
Share capital	40,000	50,000
General Reserve	10,000	12,000
Profit and Loss A/c	6,000	6,000
Long Term loan	14,000	–
Sundry Creditors	30,000	27,000
Provision for tax	6,000	7,000
<b>Total</b>	<b>1,06,000</b>	<b>1,02,000</b>



**Assets :**

Land and Buildings	40,000	38,000
Machinery	30,000	33,800
Debtors	16,000	12,800
Stock	17,000	14,800
Cash	3,000	1,600
Goodwill	-	1,000
	<b>1,06,000</b>	<b>1,02,000</b>

**Additional Information :**

- Dividend of Rs.4,600 was paid.
- Assets of another company purchased were Machinery Rs. 5,000, Stock Rs. 4,000 and Goodwill Rs. 1,000 by issuing Equity shares.
- Machinery was further purchased for cash Rs. 1,600.
- Depreciation written off machinery Rs. 2,400.
- Income tax provided during the year Rs. 7,000.
- Loss on sale of machinery Rs. 400 was written off.

Prepare Cash Flow Statement as per AS - 3 (Indirect method).

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(5x2=10)

- ನಿರ್ವಹಣಾ ಲೆಕ್ಕಶಾಸ್ತ್ರ ಎಂದರೇನು ?
  - ಪ್ರವೃತ್ತಿ ವಿಶ್ಲೇಷಣೆ ಎಂದರೇನು ?
  - ನಿರ್ವಹಣಾ ವರದಿಗಾರಿಕೆಯ ಯಾವುದಾದರೂ ಎರಡು ಉದ್ದೇಶಗಳನ್ನು ಬರೆಯಿರಿ.