



SA-769 – R

60

VI Semester B.Com. Examination, April/May 2015
(Freshers) (2014-15 & onwards)
COMMERCE
Paper – 6.4 : MANAGEMENT ACCOUNTING

Time : 3 Hours

Max. Marks : 100

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

SECTION – A

Answer **any 10** sub-questions. **Each** sub-question carries **2** marks. **(10×2=20)**

1. a) State any two objectives of Management Accounting.
- b) What is meant by Comparative Income Statement ?
- c) What is Cash Flow Statement ?
- d) State any two differences between Management Accounting and Financial Accounting.
- e) Give the meaning of Ratio Analysis.
- f) Give the meaning of Working Capital.
- g) What do you mean by the term 'Return on Investment' ?
- h) What is 'Price Earning Ratio' ?
- i) Average stock of a firm is Rs. 50,000. Its opening stock is Rs. 10,000 less than its closing stock. Find out Opening and Closing stock.
- j) Gross profit ratio is 30%. Gross profit is Rs. 2,00,000. Calculate the cost of goods sold.
- k) State any four components of Current Assets.
- l) State any two uses of Management Reporting.

P.T.O.



SECTION – B

Answer **any 4** questions. **Each** question carries **8** marks.

(4×8 = 32)

2. The sales of ABC Co. Ltd., are declining year after year. As a Management Accountant of the company, draft a brief report to the Management explaining the reasons for the declining sales.

3. Prepare Comparative Income Statement from the following information :

Particulars	31-03-2014	31-03-2015
	Rs.	Rs.
Sales	7,90,000	9,10,000
Return Inwards	5,000	10,000
Cost of goods sold	4,50,000	5,00,000
<u>Operating expenses :</u>		
Administrative expenses	70,000	72,000
Selling expenses	80,000	90,000
<u>Non-operating Income :</u>		
Dividend received	10,000	20,000
<u>Non-operating expenses :</u>		
Interest Paid	25,000	30,000
Income tax	30% on profit	30% on profit

4. Profit and Loss A/c of Success Co. Ltd. is given below :

Profit and Loss A/c for the year ended 31st March, 2015

Particulars	Rs.	Particulars	Rs.
To Opening Stock	2,00,000	By Sales	16,20,000
" Purchases	12,00,000	" Closing Stock	3,00,000
" Administration expenses	1,20,000	" Dividend	4,000
" Selling expenses	80,000		
" Interest	40,000		
" Loss on Sale of Assets	4,000		
" Net Profit	2,80,000		
	19,24,000		19,24,000



Calculate :

- a) Gross Profit Ratio
- b) Operating Profit Ratio
- c) Net Profit Ratio
- d) Stock Turnover Ratio.

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

Particulars	31-03-2014	31-03-2015
	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
Prepaid Rent	2,000	3,000



6. Glory Co. Ltd., had a profit of Rs. 3,60,000 for the year ended 31st March, 2015, after taking into consideration the following :

- a) Depreciation on Machinery Rs. 24,000
- b) Goodwill written off Rs. 8,000
- c) Loss on Sale of Machinery Rs. 2,000
- d) Details of Current Assets and Current Liabilities.

Particulars	31-03-2014	31-03-2015
	Rs.	Rs.
Stock	1,40,000	1,70,000
Cash	1,30,000	1,00,000
Debtors	1,10,000	94,000
Creditors	90,000	1,00,000
O/s Rent	10,000	6,000
Bills Payable	80,000	70,000
Bills Receivable	90,000	1,06,000

From the above information calculate the Cash from Operations.



SECTION – C

Answer **any three** of the following questions. **Each** question carries **sixteen** marks.

(3×16= 48)

7. The Balance Sheet as on 31st March 2015 of Sri Rama Co. Ltd. and Sri Krishna Co. Ltd. are given below.

Liabilities	Sri Rama Co. Ltd. Rs.	Sri Krishna Co. Ltd. Rs.	Assets	Sri Rama Co. Ltd. Rs.	Sri Krishna Co. Ltd. Rs.
Equity Share Capital	2,00,000	5,00,000	Land and Buildings	3,00,000	6,25,000
10% Preference Share Capital	1,00,000	1,50,000	Plant and Machinery	1,80,000	4,20,000
Long term loan	1,00,000	1,00,000	Stock	1,50,000	2,00,000
Reserve & Surplus	1,00,000	1,20,000	Sundry Debtors	1,00,000	1,35,000
Proposed Dividend	50,000	70,000	Cash & Bank	70,000	20,000
Sundry Creditors	2,50,000	4,10,000			
Bank Overdraft	-	50,000			
	8,00,000	14,00,000		8,00,000	14,00,000

You are required to prepare Common-size Balance Sheet and Comment.

8. The following information is given :

Current Ratio – 2.5

Liquid Ratio – 1.5

Net Working Capital – Rs. 3,00,000

Stock Turnover Ratio $\left(\frac{\text{Cost of Sales}}{\text{Closing Stock}} \right) = 6 \text{ times .}$



Gross Profit Ratio – 20%

Fixed Assets Turnover Ratio – 2 times

Average Debt collection period – 2 months

Fixed Assets to Shareholders Net worth – 1 : 1

Reverse to Share Capital – 0.5 : 1

Prepare the Balance Sheet from the above given information.

9. Following are the Balance Sheet of Creative Co. Ltd. as on 31st March, 2014 and 31st March, 2015

Liabilities	31-03-2014	31-03-2015	Assets	31-03-2014	31-03-2015
	Rs.	Rs.		Rs.	Rs.
Share Capital	8,00,000	10,00,000	Fixed Assets	10,00,000	14,00,000
General Reserve	2,00,000	3,00,000	Investments	4,00,000	3,60,000
Profit and Loss A/c	2,00,000	3,00,000	Stock	3,00,000	2,00,000
Provision for			Debtors	2,40,000	4,00,000
Depreciation	3,00,000	4,00,000	Cash	50,000	1,90,000
Provision for			Preliminary		
Taxation	80,000	1,00,000	Expenses	20,000	10,000
10% Debentures	4,00,000	4,00,000			
Creditors	30,000	60,000			
	20,10,000	25,60,000		20,10,000	25,60,000



Additional Information :

- a) Dividend paid Rs. 80,000
- b) Income tax paid Rs. 1,00,000
- c) Profit on Sale of Investments Rs. 20,000
- d) A Machinery which was included in Fixed Assets, (Cost Rs. 1,00,000 on which accumulated depreciation Rs. 80,000) was sold for Rs. 40,000.

Prepare the following :

- 1) A statement showing changes in working capital and
- 2) Funds Flow Statement.

10. Following are the Balance Sheet of Sunshine Co. Ltd. as on 31-03-2014 and 31-03-2015.

Liabilities	31-03-2014	31-03-2015	Assets	31-03-2014	31-03-2015
	Rs.	Rs.		Rs.	Rs.
Share Capital	4,50,000	4,50,000	Fixed Assets	4,00,000	3,20,000
General Reserve	3,00,000	3,10,000	Investments	50,000	60,000
Profit & Loss A/c	56,000	68,000	Stock	2,40,000	2,10,000
Creditors	1,68,000	1,34,000	Debtors	2,10,000	4,55,000
Provision for			Bank	1,49,000	1,97,000
Taxation	75,000	10,000			
Short term Loan	—	2,70,000			
	10,49,000	12,42,000		10,49,000	12,42,000

Additional Information. .

- a) Investments costing Rs. 8,000 was sold during the year 2015 for Rs. 8,500.
- b) Provision for Taxation made during the year 2015 was Rs. 9,000.
- c) During the year 2015, a part of Fixed Assets costing Rs. 10,000 was sold for Rs. 12,000, depreciation on the asset sold Rs. 1,000.
- d) Dividend paid during the year 2015, Rs. 40,000.

Prepare Cash Flow Statement as per AS – 3.