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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. **(10×2=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 ?
- i) 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.
- l) 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. **(4×8=32)**

2. 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.



Operating expenses :

Office expenses	10,000	55,000	70,000
Selling expenses	5,000	30,000	45,000
Distribution expenses	2,000	5,000	6,000
Non-operating expenses :			
Interest on debentures	6,000	14,000	30,000
Interest on loan	15,000	20,000	50,000

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	Rs.
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 :

Liabilities	31-3-2014	31-3-2015	Assets	31-3-2014	31-3-2015
	Rs.	Rs.		Rs.	Rs.
Equity share capital	3,00,000	4,00,000	Plant and Machinery	3,00,000	6,25,000
12% preference share capital	2,00,000	2,50,000	Land and Building	1,80,000	2,20,000
Reserves and surplus	1,00,000	1,90,000	Investment	1,00,000	2,00,000
10% Debentures	1,00,000	2,00,000	Stock	1,50,000	2,00,000
Sundry Creditors	2,00,000	4,10,000	Sundry debtors	1,00,000	1,20,000
Bills payable	—	50,000	Cash	70,000	1,35,000
	9,00,000	15,00,000		9,00,000	15,00,000

You are required to prepare comparative Balance Sheet and comment.

8. 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.

Particulars	Rs.	Particulars	Rs.
To Opening Stock	2,40,000	By Cash sales	2,40,000
To Cash Purchases	1,20,000	By Credit sales	9,60,000
To Credit Purchases	6,40,000	By Closing stock	1,60,000
To Gross Profit c/d	3,60,000		
	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		
	3,60,000		3,60,000

Balance Sheet as on 31-3-2015

Liabilities	Rs.	Assets	Rs.
Share Capital	6,00,000	Fixed assets	3,40,000
General Reserve	1,20,000	Investments	2,00,000
Profit and Loss A/c	2,20,000	Stock	1,60,000
Creditors	1,60,000	Debtors	3,20,000
Bills Payable	40,000	Cash	1,20,000
	11,40,000		11,40,000

Compute :

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

Liabilities	31-3-2014	31-3-2015	Assets	31-3-2014	31-3-2015
	Rs.	Rs.		Rs.	Rs.
Equity share capital	6,00,000	7,00,000	Building	4,50,000	6,00,000
P and L A/c	75,000	1,00,000	Machinery	3,30,000	4,00,000
Long term debt	3,00,000	4,00,000	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.

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

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).