



MS – 451

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 Rs. | 2014 Rs. | 2015 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. (3x16=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 | Stock | 1,54,000 | 2,18,000 |
| Creditors | 1,10,000 | 1,66,000 | Debtors | 3,20,000 | 4,00,000 |
| Bills payable | 40,000 | 32,000 | Bills receivable | 40,000 | 60,000 |
| Provision for taxation | 80,000 | 1,00,000 | Cash | 50,000 | 36,000 |
| | 13,54,000 | 16,34,000 | | 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).