



**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. (10x2=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. (4x8=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)

| <b>Particulars</b> | <b>2013</b> | <b>2014</b> | <b>2015</b> | <b>P.T.O.</b> |
|--------------------|-------------|-------------|-------------|---------------|
|                    | <b>Rs.</b>  | <b>Rs.</b>  | <b>Rs.</b>  |               |
| Sales              | 2,00,000    | 4,50,000    | 5,50,000    |               |
| Cost of goods sold | 1,50,000    | 3,00,000    | 3,00,000    |               |

### 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  |
| <b>Non-operating expenses :</b> |        |        |        |
| 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 :

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

| <b>Particulars</b>               | <b>Rs.</b> |
|----------------------------------|------------|
| 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          |
|                        | <b>4,46,000</b> | <b>5,74,000</b> |                  | <b>4,46,000</b> | <b>5,74,000</b> |

#### 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         |
|                              | <b>9,00,000</b> | <b>15,00,000</b> |                     | <b>9,00,000</b> | <b>15,00,000</b> |

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         |                     |                  |
|                     | <b>13,60,000</b> |                     | <b>13,60,000</b> |
| 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         |                     |                  |
|                     | <b>3,60,000</b>  |                     | <b>3,60,000</b>  |

## 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         |
|                     | <b>11,40,000</b> |              | <b>11,40,000</b> |

## 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 |                   | 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).