



US – 489

VI Semester B.Com. Examination, May 2017
(CBCS) (Fresh)
(2016-17 and Onwards)
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) State any two objectives of Management Accounting.
- b) Give the meaning of working capital.
- c) Write any four components of current assets.
- d) What is ratio analysis ?
- e) Write any four balance sheet ratios.
- f) Give the meaning of management reports.
- g) What is comparative statement ?

SECTION – B

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

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

Particulars	31-3-2015	31-3-2016
	Rs.	Rs.
Bank O/D	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

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3. From the following P/L A/c s prepare comparative income statement for the year ending 31-3-2016 and 31-3-2017.

Particulars	2016 Rs.	2017 Rs.	Particulars	2016 Rs.	2017 Rs.
To cost of goods sold	72,000	78,000	By sales	1,00,000	1,30,000
To depreciation	5,000	6,000	By dividend	20,000	10,000
To S/D expenses	8,000	12,000	By interest on investment	10,000	-
To interest on debt.	15,000	14,000			
To provision for tax	15,000	15,000			
To net profit	15,000	15,000			
	1,30,000	1,40,000		1,30,000	1,40,000

4. State any six differences between Financial Accounting and Management Accounting.
5. The following information is given relating to Venu Company for the year ending 31-3-2016.

Stock turn over ratio = 6 times

Gross profit ratio = 20% on sales

Sales = Rs. 3,00,000

Closing stock is Rs. 15,000 more than opening stock.

Opening creditors = Rs. 30,000

Closing creditors = Rs. 45,000

Find out :

- Average stock
- Average payment period
- Purchases



6. Glory Co. Ltd. had profits of Rs. 3,60,000 for the year ended 31-3-2015 after adjusting the following :

- a) Depreciation on machinery Rs. 30,000
- b) Goodwill written off Rs. 10,000
- c) Loss on sale of buildings Rs. 5,000
- d) Details of current assets and current liabilities.

Particulars	31-3-2016	31-3-2017
	Rs.	Rs.
Stock	1,40,000	1,70,000
Cash	1,30,000	1,00,000
Debtors	1,10,000	90,000
Creditors	90,000	1,00,000
O/s rent	10,000	5,000
Bills payable	80,000	70,000
Bills receivable	90,000	1,10,000

From the above calculate cash flows from operating activities using indirect method.

SECTION – C

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

7. Using the following data, complete the Balance Sheet below :

- Gross profit (20% on sales) Rs. 1,20,000
- Share holders equity capital Rs. 1,00,000
- Credit sales to total sales 80%
- Total assets turn over 3 times
(sales/total assets)
- Inventory turn over 8 times
(to cost of sales)
- Average collection period 18 days
(360 days in a year)
- Creditors to current assets 60%
- Long term debt to total equity capital 40%



Balance Sheet			
Liabilities	Rs.	Assets	Rs.
Share holders equity capital	-	Fixed assets	-
Long term debt	-	Sundry debtors	-
Sundry creditors	-	Inventory	-
	-	Cash	-
Total(Rs.)	_____	Total (Rs.)	_____

8. Following are the summarised Balance Sheets of Uma Co. Ltd. as on 31-12-2015 and 31-12-2016.

Liabilities	31-12-2015 Rs.	31-12-2016 Rs.
Equity share capital	1,50,000	2,00,000
10% preference share capital	40,000	25,000
Capital reserve	-	10,000
General reserve	15,000	20,000
Profit and loss A/c	13,000	17,500
Sundry creditors	15,000	29,000
Bills payable	6,000	4,000
O/s expenses	3,000	2,500
Proposed dividends	15,000	21,000
Provision for taxation	16,000	18,000
	2,73,000	3,47,000
Assets :		
Goodwill	30,000	27,500
Land and buildings	62,500	42,500
Plant and machinery	60,000	1,12,500
Furniture	7,500	6,000
Trade investments	6,000	24,000
Sundry debtors	32,500	52,500
Stock	45,000	42,000
Bills receivable	8,000	15,000
Cash in hand	6,500	10,000
Cash at bank	7,500	10,000
Preliminary expenses	7,500	5,000
	2,73,000	3,47,000

**Adjustments :**

- a) A piece of land has been sold in 2016 and profit on sale being credited to Capital Reserve A/c.
- b) Depreciation written off on plant and machinery is Rs. 12,000. No depreciation is charged on land and buildings.
- c) A machinery was sold for Rs. 8,000 (WDV being Rs. 10,000) and no furniture is sold during the year.
- d) An interim dividend of Rs. 10,000 is paid in 2016.
- e) Rs. 1,500 has been received on trade investments as dividends.

Treating proposed dividends and provision for tax as non-current liabilities, prepare for 2016 statement of changes in working capital and funds flow statement as per AS-3.

9. as per AS-3 From the following Balance Sheets of Naganna Ltd. and the additional information prepare cash flow statement.

Liabilities	31-3-2015	31-3-2016	Assets	31-3-2015	31-3-2016
	Rs.	Rs.		Rs.	Rs.
Equity share capital	13,00,000	15,00,000	Goodwill	30,000	20,000
General reserve	2,00,000	2,50,000	Land and buildings	7,50,000	10,00,000
Profit and loss A/c	1,20,000	1,80,000	Plant and machinery	6,00,000	8,00,000
Bank loan (long term)	3,00,000	2,00,000	Investments	1,35,000	1,00,000
Creditors	1,00,000	1,60,000	Stock	3,30,000	2,30,000
Bills payable	80,000	60,000	Debtors	2,30,000	3,32,000
Proposed dividend	1,00,000	1,75,000	Cash and bank	1,50,000	88,000
Provision for taxation	45,000	60,000	Preliminary exp.	20,000	15,000
	22,45,000	25,85,000		22,45,000	25,85,000



Balance Sheet			
Liabilities	Rs.	Assets	Rs.
Share holders equity capital	–	Fixed assets	–
Long term debt	–	Sundry debtors	–
Sundry creditors	–	Inventory	–
	–	Cash	–
Total(Rs.)	_____	Total (Rs.)	_____

8. Following are the summarised Balance Sheets of Uma Co. Ltd. as on 31-12-2015 and 31-12-2016.

Liabilities	31-12-2015	31-12-2016
	Rs.	Rs.
Equity share capital	1,50,000	2,00,000
10% preference share capital	40,000	25,000
Capital reserve	–	10,000
General reserve	15,000	20,000
Profit and loss A/c	13,000	17,500
Sundry creditors	15,000	29,000
Bills payable	6,000	4,000
O/s expenses	3,000	2,500
Proposed dividends	15,000	21,000
Provision for taxation	16,000	18,000
	2,73,000	3,47,000
Assets :		
Goodwill	30,000	27,500
Land and buildings	62,500	42,500
Plant and machinery	60,000	1,12,500
Furniture	7,500	6,000
Trade investments	6,000	24,000
Sundry debtors	32,500	52,500
Stock	45,000	42,000
Bills receivable	8,000	15,000
Cash in hand	6,500	10,000
Cash at bank	7,500	10,000
Preliminary expenses	7,500	5,000
	2,73,000	3,47,000



Adjustments :

- a) A piece of land has been sold in 2016 and profit on sale being credited to Capital Reserve A/c.
- b) Depreciation written off on plant and machinery is Rs. 12,000. No depreciation is charged on land and buildings.
- c) A machinery was sold for Rs. 8,000 (WDV being Rs. 10,000) and no furniture is sold during the year.
- d) An interim dividend of Rs. 10,000 is paid in 2016.
- e) Rs. 1,500 has been received on trade investments as dividends.

Treating proposed dividends and provision for tax as non-current liabilities, prepare for 2016 statement of changes in working capital and funds flow statement as per AS-3.

9. as per AS-3 From the following Balance Sheets of Naganna Ltd. and the additional information prepare cash flow statement.

Liabilities	31-3-2015 31-3-2016		Assets	31-3-2015 31-3-2016	
	Rs.	Rs.		Rs.	Rs.
Equity share capital	13,00,000	15,00,000	Goodwill	30,000	20,000
General reserve	2,00,000	2,50,000	Land and buildings	7,50,000	10,00,000
Profit and loss A/c	1,20,000	1,80,000	Plant and machinery	6,00,000	8,00,000
Bank loan (long term)	3,00,000	2,00,000	Investments	1,35,000	1,00,000
Creditors	1,00,000	1,60,000	Stock	3,30,000	2,30,000
Bills payable	80,000	60,000	Debtors	2,30,000	3,32,000
Proposed dividend	1,00,000	1,75,000	Cash and bank	1,50,000	88,000
Provision for taxation	45,000	60,000	Preliminary exp.	20,000	15,000
	22,45,000	25,85,000		22,45,000	25,85,000

**Additional information :**

- a) Depreciation written off on plant and machinery is Rs. 1,20,000.
- b) Equity shares were issued against the acquisition of assets of another company. Assets acquired consisted of land and building Rs. 1,50,000 and stock Rs. 50,000. No depreciation has been charged on land and buildings during the year.
- c) A dividends of Rs. 13,500 was received during the year.
- d) Proposed dividends and provision for taxation shall be treated as non-current liabilities.

10. Balance Sheet as at 31-3-2015 of 'A' Co. Ltd. and 'B' Co. Ltd. are given below.

Liabilities	'A' Co. Ltd 'B'.Co.Ltd. Assets		'A' Co. Ltd 'B' Co.Ltd.	
	Rs.	Rs.	Rs.	Rs.
Equity share capital	2,00,000	5,00,000	Land and buildings	3,00,000 6,25,000
10% P. 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
Reserves and surplus	1,00,000	1,20,000	Sundry debtors	1,00,000 1,35,000
Proposed dividend	50,000	70,000	Cash at bank	70,000 20,000
Sundry creditors	2,50,000	4,10,000		
Bank O/D	-	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.



11. A) The P/L a/c of a company for the year ended 31-3-2015 and 31-3-2016 showed profits of Rs. 20,000 and Rs. 30,000 respectively. For the year ended 31-3-2016 provision for dividends was made to the extent of Rs. 50,000. Transferred to reserve fund Rs. 40,000, depreciation written off Rs. 25,000. Loss on sale of machinery Rs. 5,000. Profit on sale of investment Rs. 3,000. Profit on sale of furniture Rs. 3,000. Commission received on a non-trading activity Rs. 4,000. Find out funds from operations by preparing adjusted P/L a/c.

B) The capital structure of a company was as follows :

9% preference share capital of Rs. 10 each	Rs. 3,00,000
Equity share capital of Rs. 10 each	Rs. 8,00,000
8% debentures	Rs. 10,00,000
Profit after tax	Rs. 2,70,000
Equity dividends paid	20%
Market price of equity share	Rs. 40

Calculate :

- Debt equity ratio
- Capital gearing ratio
- Price earning ratio.