Register Number:

Date:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **ST. JOSEPH’S COLLEGE (AUTONOMOUS), BANGALORE-27** | | | |
| **B.COM VI SEMESTER** | | | |
| **END SEMESTER EXAMINATION: APRIL 2018** | | | |
| **BC 6116 – MANAGEMENT ACCOUNTING** | | | |
| **Time- 2.5 hrs** |  | **Max Marks-70** |  |

**This paper contains \_5\_\_printed pages and four parts**

**PART A**

**(Answer any 5 Questions) 5\*2=10 marks**

1. Rate of gross profit is 25% on cost. Total sales Rs.5,00,000. Average stock Rs. 80,000. Calculate stock turnover ratio.
2. State any four tools of management accounting
3. Indicate with reason whether flow of fund takes place when .a. Rs.20000 is received from Debtors. b.Machinery is purchased for Rs.200000
4. How do you calculate debtors turnover ratio?
5. Give the meaning of management accounting.
6. Mention any two differences between fund flow statement and cash flow statement.
7. What is management reporting?

**PART B**

**(Answer any Three Questions) 3\*5=15 marks**

8. From the following profit and loss account of Philips Co. Ltd for the year ending 31st Dec 2015 and 2016,You are required to prepare a comparative profit and loss account and give your comments

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Particulars** | **2015**  **Rs.** | **2016**  **Rs.** | **Particulars** | **2015**  **Rs.** | **2016**  **Rs.** |
| To cost of goods sold | 420 | 560 | By Sales | 600 | 720 |
| To administration expenses | 50 | 66 | By dividend received | 30 | 90 |
| To selling and distribution expenses | 25 | 23 |  |  |  |
| To interest on debentures | 12 | 12 |  |  |  |
| To loss on sale of plant | 6 | 4 |  |  |  |
| To provision for income tax | 40 | 48 |  |  |  |
| To net profit | 77 | 97 |  |  |  |
|  | 630 | 810 |  | 630 | 810 |

9. Briefly explain the essentials of a good report.

10. From the information given below, calculate the following ratios

* Quick ratio
* Stock turnover ratio
* Debt-equity ratio

Current assets Rs. 5,00,000; opening stock Rs. 50,000; Closing stock Rs. 1,50,000; Cost of goods sold Rs. 12,00,000; gross profit Rs. 2,00,000; indirect expenses Rs 20,000; equity share capital Rs. 7,00,000; 10% preference share capital Rs. 3,00,000; 12% debentures Rs. 2,00,000; Current liabilities Rs. 2,00,000; general reserve Rs. 1,00,000.

11. From the following prepare

* 1. Provision for tax account
  2. Machinery account

|  |  |
| --- | --- |
| Opening provision for tax | 20,000 |
| Closing provision for tax | 30,000 |
| Tax paid during the year | 25,000 |
| Plant and machinery on 01-01-2017 | 5,00,000 |
| Depreciation charged on plant and machinery during the year | 50,000 |
| Plant and machinery on 01-01-2018 | 8,00,000 |

A piece of machinery costing Rs. 12,000 was sold for Rs. 8.000 (depreciation of Rs. 7,000 had been provided on it).

12. From the following information, interpret the results of operations of a manufacturing concern using trend ratios. Use 2015 as the base year.

Amount in Rs. Lakhs for the year ended

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Year | 2015 | 2016 | 2017 | 2018 |
| Net sales | 100.00 | 95.00 | 120.00 | 130.00 |
| Cost of goods sold | 60.00 | 58.00 | 69.60 | 72.80 |
| Gross profit | 40.00 | 36.10 | 50.40 | 57.20 |
| Operating expenses | 10.00 | 9.70 | 11.00 | 12.00 |
| Net operating profit | 30.00 | 26.40 | 39.40 | 45.20 |

**PART C**

**(Answer any Three Questions) 3\*10=30 marks**

13. Explain the merits and demerits of management accounting.

14. The profits of A Ltd are declining year after year .As a management accountant of the company, draft a report to the management explaining the reasons for the declining profit and suggest corrective measures.

15. Prepare a balance sheet from the particulars furnished here under:

|  |  |
| --- | --- |
| Stock velocity | 6 |
| Gross profit margin | 20% |
| Capital turnover ratio | 2 |
| Fixed assets turnover ratio | 4 |
| Debt collection period | 2 months |
| Creditors payment period | 73 days |

Gross profit was 60,000. Excess of closing stock over opening stock was Rs 5,000. Difference in balance sheet represents bank balance. The entire sales and purchases are made on credit basis.

16 Prepare Comparative balance sheet from the following data:

**(Rs. in lakhs)**

|  |  |  |
| --- | --- | --- |
| **Particulars** | **2016** | **2017** |
| **Equity & liabilities** |  |  |
| Equity share capital | 400 | 400 |
| 6% preference share capital | 300 | 300 |
| General reserve | 200 | 245 |
| 6% Debentures | 100 | 150 |
| Bills payable | 50 | 75 |
| Creditors | 150 | 200 |
| Tax payable | 100 | 150 |
| **Total** | **1,300** | **1,520** |
| **Assets** |  |  |
| Buildings | 300 | 270 |
| Land | 100 | 100 |
| Machinery | 300 | 270 |
| Furniture | 100 | 140 |
| Stock | 200 | 300 |
| Cash | ? | ? |
| **Total** | **1,300** | **1,520** |

17. Given below are the balance sheets of IVRL & sons

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Liabilities** | **1 Jan 2016**  **Rs.** | **31 Dec 2016**  **Rs.** | **Assets** | **1 Jan 2016**  **Rs.** | **31 Dec 2016**  **Rs.** |
| Creditors | 40,000 | 44,000 | Cash | 10,000 | 7,000 |
| Mrs. A’s loan | 25,000 | - | Debtors | 30,000 | 50,000 |
| Loans from bank | 40,000 | 50,000 | Stock | 35,000 | 25,000 |
| Capital | 1,25,000 | 1,53,000 | Machinery | 80,000 | 55,000 |
|  |  |  | Land | 40,000 | 50,000 |
|  |  |  | Building | 35,000 | 60,000 |
|  | 2,30,000 | 2,47,000 |  | 2,30,000 | 2,47,000 |

1. Net profit for the year amounts to Rs 45,000.
2. The provisions for depreciation against machinery as on 1 January 2016 was Rs. 25,000 and on 31 December 2016 Rs. 40,000.
3. During the year a machine costing Rs. 10,000 (accumulated depreciation of Rs. 3,000) sold for Rs. 5,000. You are required to prepare Cash flow statement.

**PART D**

**(Answer the following question) 1\*15=15 marks**

18. Balance sheets of Ganesh Mills Ltd are given below. Prepare a funds flow statement.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Liabilities** | **2016**  **Rs.** | **2017**  **Rs.** | **Assets** | **2016**  **Rs.** | **2017**  **Rs.** |
| Equity Share capital | 3,00,000 | 4,00,000 | Building | 2,50,000 | 3,00,000 |
| 10% redeemable pref. share capital | 2,00,000 |  | Machinery | 3,00,000 | 3,20,000 |
| Capital redemption reserve | - | 1,00,000 | Furniture | 20,000 | 18,000 |
| Reserve fund | 2,00,000 | 1,20,000 | Investments | 1,00,000 | 1,50,000 |
| Share premium | 30,000 | 30,000 | Stock | 3,00,000 | 2,50,000 |
| Profit and loss a/c | 1,20,000 | 1,80,000 | Debtors | 1,40,000 | 2,00,000 |
| 12% debentures | 2,00,000 | 3,00,000 | Cash at bank | 20,000 | 32,000 |
| Creditors | 80,000 | 1,40,000 |  |  |  |
|  | 11,30,000 | 12,70,000 |  | 11,30,000 | 12,70,000 |

The following transactions took place during the year:

1. Preference shares were redeemed at 10% premium
2. Rs. 20,000 were transferred to reserve fund from P&L a/c
3. Investments (book value Rs. 40,000) were sold for Rs. 70,000
4. Depreciation provided on building, Machinery and furniture were Rs. 20,000, Rs. 30,000 and Rs. 2,000 respectively
5. Dividends paid Rs. 50,000 and income tax paid Rs. 45,000