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| **ST. JOSEPH’S COLLEGE (AUTONOMOUS), BANGALORE-27** | | | | | | |
| **B.COM - VI SEMESTER** | | | | | | |
| **SEMESTER EXAMINATION: APRIL 2018** | | | | | | |
| **BC 6116 – MANAGEMENT ACCOUNTING** | | | | | | |
|  |  |  |  |  |  |  |
| **Time- 2 1/2 hrs** | |  | **Max Marks-70** | | |  |
|  |  |  |  |  |  |  |
| **This paper contains \_\_\_printed pages and four parts** | | | | | | |
|  |  |  |  |  |  |  |

**SECTION - A**

**Answer any five out of the following questions 5\*2=10**

1. Define Management Accounting.
2. Rate of gross profit is 25% on cost. Total sales Rs.5,00,000. Average stock Rs. 80,000. Calculate stock turnover ratio.
3. What is meant by comparative Income statement?
4. What is meant by trend analysis?
5. Give the meaning of Funds flow statement.
6. Give the meaning of Cash equivalents.
7. Mention any two objectives of Management Reporting.

**SECTION – B**

**Answer any three from the following questions 3\*5=15**

1. Bring out the differences between management accounting and financial accounting.
2. From the following data compute trend percentages taking 2012 as base and interpret them.

|  |  |  |  |
| --- | --- | --- | --- |
| Year | Sales | Stock | Profit before tax  (Rs in Lakhs) |
| 2012 | 1,881 | 709 | 321 |
| 2013 | 2,340 | 781 | 435 |
| 2014 | 2,655 | 816 | 458 |
| 2015 | 3,021 | 944 | 527 |
| 2016 | 3,768 | 1,154 | 672 |

1. Bring out the difference between funds flow statement and cash flow statement.
2. From the following Balance sheets, calculate cash from operations:

|  |  |  |
| --- | --- | --- |
| Particulars | 31-12-2016 | 31-12-2017 |
| **Equity & liabilities** |  |  |
| Share capital | 70,000 | 74,000 |
| Debentures | 12,000 | 6,000 |
| P&L a/c | 10,040 | 10,560 |
| Reserve for doubtful debts | 700 | 800 |
| Trade creditors | 10,360 | 11,840 |
| **Total** | **1,03,100** | **1,03,200** |
| **Assets** |  |  |
| Land | 20,000 | 30,000 |
| Goodwill | 10,000 | 5,000 |
| Stock | 49,200 | 42,700 |
| Debtors | 14,900 | 17,700 |
| Cash | 9,000 | 7,800 |
| **Total** | **1,03,100** | **1,03,200** |

Additional information:

1. Dividend paid Rs. 3,500
2. Land was purchased for Rs. 10,000
3. Debentures were redeemed worth Rs. 6,000
4. Briefly explain the requirements of a good report.

**SECTION – C**

**Answer any three from the following questions 3\*10=30**

1. Briefly explain the merits and demerits of Management accounting.
2. The following information is given:

|  |  |
| --- | --- |
| Current ratio | 2.5 |
| Liquidity ratio | 1.5 |
| Net working capital | 3,00,000 |
| Stock turnover ratio  (Cost of sales/closing stock) | 6 times |
| Gross profit ratio | 20% |
| Fixed assets turnover ratio | 2 times |
| Average debt collection period | 2 months |
| Fixed assets: shareholders net worth | 1:1 |
| Reserves:share capital | 0.5:1 |

Draw up a balance sheet from the above information.

1. Prepare and interpret 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** |

1. From the following Balance sheets of XY Ltd, prepare cash flow statement:

|  |  |  |
| --- | --- | --- |
| **Particulars** | **31-3-2016** | **31-3-2017** |
| **Equity & liabilities** |  |  |
| Share capital | 2,00,000 | 2,50,000 |
| General reserve | 50,000 | 60,000 |
| P&L a/c | 30,500 | 30,600 |
| Long term loans | 80,000 | - |
| Creditors | 1,20,000 | 1,00,400 |
| Provision for taxation | 20,000 | 25,000 |
| **Total** | **5,00,500** | **4,66,000** |
| **Assets** |  |  |
| Buildings | 2,00,000 | 1,60,000 |
| Machinery | 1,50,000 | 1,69,000 |
| Stock | 1,00,000 | 75,000 |
| Debtors | 50,000 | 54,200 |
| Goodwill | - | 5,000 |
| Cash | 500 | 2,800 |
| **Total** | **5,00,500** | **4,66,000** |

Additional information:

1. Dividend paid Rs. 23,000 during the year
2. Assets were purchased for Rs. 50,000 payable in shares of XY Ltd. The assets are Stock Rs. 20,000, machinery Rs. 25,000.
3. Purchase of machinery Rs. 10,000
4. Depreciation on machinery Rs. 14,000
5. Income tax provided Rs. 30,000
6. There was a loss on sale of machinery Rs. 1,000 which was written off to general reserve.
7. Discuss various kinds of reports prepared by the management accountant for different levels of management.

**SECTION – D**

**Answer the following question 1\*15=15**

1. Balance sheet of Aadya ltd as on 31st March 2016 and 31st March 2017 are as follows:

|  |  |  |
| --- | --- | --- |
| Particulars | 31-3-2016 | 31-3-2017 |
| **Equity & liabilities** |  |  |
| Share capital | 20,00,000 | 20,00,000 |
| General reserve | 4,00,000 | 4,50,000 |
| P&L a/c | 2,50,000 | 3,60,000 |
| 10% Debentures | 10,00,000 | 8,00,000 |
| Bank loan (Long term) | 5,00,000 | 6,00,000 |
| Creditors | 4,00,000 | 5,80,000 |
| Outstanding expenses | 20,000 | 25,000 |
| Proposed dividend | 3,00,000 | 3,60,000 |
| Provision for taxation | 1,00,000 | 1,20,000 |
| **Total** | **49,70,000** | **52,95,000** |
| **Assets** |  |  |
| Land & Buildings | 15,00,000 | 14,00,000 |
| Plant & Machinery | 18,00,000 | 17,50,000 |
| Investment | 4,00,000 | 3,72,000 |
| Stock | 4,80,000 | 8,50,000 |
| Debtors | 6,00,000 | 7,98,000 |
| Prepaid expenses | 50,000 | 40,000 |
| Cash | 1,40,000 | 85,000 |
| **Total** | **49,70,000** | **52,95,000** |

**Additional information:**

1. New machinery for Rs. 3, 00,000 was purchased but an old machinery costing Rs. 1, 45,000 was sold for Rs. 50,000 and depreciation charged was Rs. 75,000.
2. !0% debentures were redeemed at 20% premium.
3. Investment were sold for Rs. 45,000 and its profit was transferred to general reserve.
4. Income tax paid during the year was Rs. 80,000.
5. An interim dividend of Rs. 1, 20,000 has been paid during the year.
6. Assume the provision for taxation as current liability and proposed dividend as non-current liability.
7. Investments are non-trade investments.

You are required to prepare

1. Schedule of changes in working capital
2. Funds flow statement