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Registered Number:

DATE: **14** **-04-2018 (1PM)**

**ST. JOSEPH’S COLLEGE (AUTONOMOUS), BENGALURU-27**

**B.Com –VI SEMESTER**

**SEMESTER EXAMINATION- April 2018**

**BC 6116: Management Accounting**

**Time: 2 1/2 hrs                                                                   Maximum marks: 70**

**Section A**

**I Answer any five of the following (5 X 2 = 10 marks)**

1. Define Management Accounting.
2. Name any four important tools of Management Accounting
3. What is the purpose of calculation of ratios?
4. Give the meaning of Fund flow statement?
5. What are the methods of Management Reporting?
6. What is Horizontal Analysis?
7. Give the formula for Inventory Turnover Ratio.

**Section B**

**II Answer any three of the following (3 x 5 = 15 marks)**

1. From the following statement of Profit and loss of Sunny Ltd., prepare a comparative statement of Profit and loss.

|  |  |  |
| --- | --- | --- |
| **Particulars** | **31st March 2017(Rs.)** | **31st March 2016(Rs.)** |
| 1. **Income** |  |  |
| Revenue from Operations | 22,00,000 | 20,00,000 |
| Other Income | 40,000 | 40,000 |
| Total Revenue | 22,40,000 | 20,40,000 |
| 1. **Expenses** |  |  |
| Purchase of Stock-in-trade | 17,00,000 | 16,00,000 |
| Change in Inventories | 80,000 | 60,000 |
| Employees Benefit Expenses | 70,000 | 60,000 |
| Finance costs | 50,000 | 50,000 |
| Depreciation | 20,000 | 15,000 |
| Other Expenses | 50,000 | 35,000 |
| Total Expenses | 19,70,000 | 18,20,000 |
| 1. **Profit Before Tax** | 2,70,000 | 2,20,000 |
| Less: Tax | 81,000 | 66,000 |
| 1. **Profit After Tax** | 1,89,000 | 1,54,000 |

1. The following is the Balance Sheet of Bhubneshwara Ltd., as on 30th June 2017:

BALANCE SHEET

|  |  |
| --- | --- |
| **Particulars Note No.** | **Rs.** |
| 1. **Equity and Liabilities** |  |
| Shareholders’ Funds |  |
| Share Capital: |  |
| Equity share capital | 3,00,000 |
| 9% Preference share Capital | 1,00,000 |
| Reserves and Surplus | 50,000 |
| **Non- Current Liabilities:** |  |
| 10% Debentures | 2,00,000 |
| Long-term loans | 25,000 |
| Current Liabilities | 2,25,000 |
| Total | 9,00,000 |
| 1. **Assets** |  |
| Non- Current Assets: |  |
| Fixed Assets | 6,00,000 |
| Investments | 50,000 |
| Current Assets | 2,50,000 |
|  | 9,00,000 |

**Calculate**:

1. Debt- Equity Ratio (Long-term Debt to Equity)
2. Current Ratio
3. Fixed Assets to Proprietor’s Funds Ratio
4. During the year 2016, Soni Ltd., earned a profit of Rs. 1,85,720 after adjusting the following:

|  |  |
| --- | --- |
|  |  |
| Provision for bad debts | 1,500 |
| Salaries | 8,500 |
| Depreciation written off | 15,300 |
| Profit on sales of fixed assets | 14,000 |
| Discount on debentures written off | 20,000 |
| Loss on sale of investments | 2,000 |
| Preliminary expenses written off | 8,000 |
| Proposed dividend | 50,000 |
| Transfer to debenture redemption Fund | 20,000 |
| Dividend received | 4,500 |

Calculate funds from operations.

1. From the following balances calculate cash from Operations:

|  |  |  |
| --- | --- | --- |
| Particulars | 31st Dec. 2013 | 31st Dec. 2014 |
| Bills receivable | 50,000 | 47,000 |
| Debtors | 10,000 | 12,500 |
| Bills Payable | 20,000 | 25,000 |
| Creditors | 8,000 | 6,000 |
| Outstanding Expenses | 1,000 | 1,200 |
| Prepaid Expenses | 800 | 700 |
| Income received in advance | 800 | 250 |
| Profit made during the year | ------- | 70,000 |

1. Briefly Explain Principles of good reporting system.

**Section C**

**III Answer any three of the following** (**3 x 10 = 30 marks)**

1. The summarised Balance Sheets of X Ltd., as on 31st March 2016 and 2017 are given below:

|  |  |  |
| --- | --- | --- |
| Particulars | 31-3-2016 | 31-3-2017 |
| Share Capital | 400,000 | 500,000 |
| Capital Reserve | \_\_\_\_\_\_ | 20,000 |
| General Reserve | 180,000 | 210,000 |
| Debentures | 300,000 | 200,000 |
| Profit and Loss Account | 70,000 | 90,000 |
| Current liabilities | 130,000 | 120,000 |
| Provision for Income Tax | 80,000 | 60,000 |
| Proposed Dividend | 40,000 | 50,000 |
|  | **12,00,000** | **12,50,000** |
| Fixed Assets at Cost | 10,00,000 | 10,00,000 |
| Less: Depreciation | 2,60,000 | 3,10,000 |
|  | **7,40,000** | **6,90,000** |
| Trade Investments | 1,10,000 | 90,000 |
| Cash at Bank | 50,000 | 40,000 |
| Other Current Assets | 2,70,000 | 4,10,000 |
| Preliminary Expenses | 30,000 | 20,000 |
|  | **12,00,000** | **12,50,000** |

During the Year ended 31st March 2017, the company:

1. Sold one machine for Rs. 40,000, the cost of which was Rs. 80,000 and the depreciation provided on it was Rs. 30,000
2. Provided Rs. 1,00,000 as depreciation
3. Redeemed the debentures at Rs. 105
4. Sold some trade investments at a profit which was credited to capital reserve
5. Provision for Income Tax and proposed dividend as on 31-3-2016 were paid during the year ended 31-3-2017.

You are required to prepare cash flow statement showing working notes.

1. The Following balance sheets have been prepared from the books of R Ltd., as appearing on 31-12-2017

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Liabilities** | **2016** | **2017** | **Assets** | **2016** | **2017** |
| Equity Capital | 4,00,000 | 6,00,000 | Buildings | 5,70,000 | 5,00,000 |
| Share Premium | 1,00,000 | 1,10,000 | Plant and Machinery | 3,60,000 | 3,51,000 |
| General Reserve | 2,00,000 | 2,20,000 | Furniture | 90,000 | 81,000 |
| Debenture redemption Reserve | 1,00,000 | 1,10,000 | Cash in hand | 5,000 | 8,000 |
| Debentures | 3,00,000 | 2,90,000 | Stock | 1,55,000 | 1,45,000 |
| Provision for Taxation | 40,000 | 35,000 | Debtors | 1,80,000 | 1,60,000 |
| Secured Loans | 2,00,000 | 1,00,000 | Bills Receivable | 4,000 | 40,000 |
| Current Liabilities | 24,000 | 30,000 | Investments (long-term) | \_\_\_\_\_\_\_ | 2,10,000 |
|  | **13,64,000** | **14,95,000** |  | **13,64,000** | **14,95,000** |

1. During 2017 the company paid 12% Dividend on its Equity Share Capital of Rs. 4, 00,000.
2. The shares are of Rs. 100 each fully paid.
3. Taxation Provision was utilised to the extent of Rs. 30,000 for Income Tax Paid in 2017.
4. Depreciation was charged on buildings at 5%, on Plant & Machinery at 10% and on furniture at 10% for a full one year.
5. A building worth Rs. 70,000 was sold on 1-1-2017 at Rs. 60,000 and a new building was constructed at a value of Rs. 25,000 on 31-12-2017.
6. A machine was purchased at a cost of Rs. 40,000 on 1-1-2017 while a machine having a value of Rs. 10,000 was sold on 1-7-2017 at Rs. 20,000.

Prepare a statement showing movement in working capital, adjusted profit and loss account and a statement showing the sources and application of funds.

1. Prepare a Balance sheet from the particulars furnished below:

|  |  |
| --- | --- |
| 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 Rs. 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.

1. Mention the Objectives of Management Accounting. Also compare Management Account and Financial Account.
2. The following Trading and Profit and Loss Account of Fantasy Ltd. for the year 31‐3‐2017 is given below:

|  |  |  |  |
| --- | --- | --- | --- |
| **Particulars** | **Rs.** | **Particulars** | **Rs.** |
| To, opening stock | 76,250 | By, sales | 5,00,000 |
| To, purchases | 3,15,250 | By, Closing stock | 98,500 |
| To, carriage and freight | 2,000 |  |  |
| To, wages | 5,000 |  |  |
| To, Gross profit b/d | 2,00,000 |  |  |
|  | **5,98,500** |  | **5,98,500** |
| To, administration expenses | 1,01,000 | By, Gross profit b/d | 2,00,000 |
| To, selling and Distribution exp. | 12,000 | By, Non-operating incomes: |  |
| To, Non-operating expenses | 2,000 | By, Interest on securities | 1,500 |
| To, financial Expenses | 7,000 | By, Dividend on shares | 3,750 |
| Net Profit c/d | 84,000 | By, Profit on sale of shares | 750 |
|  | **2,06,000** |  | **2,06,000** |

**Calculate:**

1. Gross Profit Ratio

2. Expenses Ratio

3. Operating Ratio

4. Net Profit Ratio

5. Operating (Net) Profit Ratio

 6. Stock Turnover Ratio.

**Section D**

IV **Compulsory Question (1 X 15 = 15 marks)**

The Balance Sheet of S & Co., and K & Co., are given as follows:

**Balance sheets as on 31-03-2015**

|  |  |  |
| --- | --- | --- |
| **Particulars** | **S & Co. (RS.)** | **K & Co.**  **(Rs.)** |
| 1. **Equity and Liabilities** |  |  |
| **Shareholder’s funds** |  |  |
| **Share Capital:** |  |  |
| Preference Share Capital | 120,000 | 1,60,000 |
| Equity Share Capital | 150,000 | 4,00,000 |
| Reserves and Surplus | 14,000 | 18,000 |
| **Non-current liabilities** |  |  |
| Long-term Loans | 1,15,000 | 1,30,000 |
| **Current liabilities** |  |  |
| **Trade Payables:** |  |  |
| Bills Payable | 2,000 |  |
| Sundry Creditors | 12,000 | 4,000 |
| Outstanding Expenses | 15,000 | 6,000 |
| Proposed Dividend | 10,000 | 90,000 |
|  | **438,000** | **8,08,000** |
| 1. **Assets** |  |  |
| **Non-current Assets** |  |  |
| **Tangible Assets:** |  |  |
| Land and Building | 80,000 | 1,23,000 |
| Plant and Machinery | 3,34,000 | 6,00,000 |
| **Current Assets** |  |  |
| Temporary Investment | 1,000 | 40,000 |
| Inventories | 10,000 | 25,000 |
| Trade Receivables (Book Debts) | 4,000 | 8,000 |
| Prepaid Expenses | 1,000 | 2,000 |
| **Cash and Equivalents:** |  |  |
| Cash and Bank Balances | 8,000 | 10,000 |
|  | **438,000** | **8,08,000** |

Comparethe financial position of S & co and K & Co. with the help of Common Size Balance Sheet.

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