



SE – 255

VI Semester B.Com. Examination, September 2020
(CBCS) (F+R) (2016 – 17 and Onwards)
COMMERCE
Paper – 6.4 : Management Accounting

Time : 3 Hours

Max. Marks : 70

Instruction : Answers should be written **completely** either in **English** or in **Kannada**.

SECTION – A

Answer **any five** sub-questions from the following. **Each** correct answer carries 2 marks. (5×2=10)

1. a) Give the meaning of Management Accounting.
- b) Mention any four disciplines which fall in the scope of Management Accounting.
- c) What is the meaning of Financial Statement Analysis ?
- d) Write any four Activity Ratios.
- e) What is the meaning of funds from operations ?
- f) State the meaning of Cash Flow Statement.
- g) Write the objectives of Management Reporting.



SECTION – B

Answer **any three** questions from the following. **Each** correct answer carries 6 marks. (3×6=18)

2. Who is Management Accountant ? Briefly explain the role of Management Accountant in a business organisation.
3. From the following figures of Rock Ltd. calculate the Trend Percentages for the years 2015 to 2019 taking 2014 as the base.

Items	2014	2015	2016	2017	2018	2019
	₹	₹	₹	₹	₹	₹
Sales	1,880	2,350	2,820	3,384	3,948	4,230
Cost of goods sold	1,020	1,122	1,530	1,836	2,091	2,142
Operating expenses	420	483	546	693	777	861

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4. Given Gross Profit – ₹ 1,60,000, Net Profit – ₹ 96,000, Gross Sales – ₹ 8,24,000.
Sales Returns – ₹ 24,000, Opening Stock – ₹ 1,80,000 and Closing Stock – ₹ 1,40,000

Compute :

- i) Gross Profit Ratio
 - ii) Net Profit Ratio
 - iii) Cost of goods sold and
 - iv) Stock turnover ratio
5. Prepare a schedule of changes in working capital from the following :

Particulars	2016	2017
	₹	₹
Sundry creditors	80,000	1,00,000
Tax payable	50,000	80,000
Outstanding expenses	20,000	28,000
Bills payable	10,000	8,000
Sundry Debtors	70,000	1,25,000
Stock	27,000	33,000
Bills Receivable	5,000	4,000
Work-in-Progress	3,000	5,000



6. You are given below the statement of profit and loss of S Ltd. for the year ended 31-3-2020. Compute cash from operating activities.

Particulars	₹
Sales	30,00,000
Less : Operating expenses	<u>23,00,000</u>
Operating profit	7,00,000
Add : Profit on sale of investments	<u>1,00,000</u>
Profit before tax	8,00,000
Less : Provision for tax	<u>1,50,000</u>
Profit after tax	6,50,000

Additional information :

- Operating expenses include loss on sale of buildings ₹ 35,000 and depreciation ₹ 1,50,000.
- The balances relating to current assets and current liabilities are :

Particulars	As on 31-3-2019	As on 31-3-2020
	₹	₹
Trade Debtors	1,20,000	1,75,000
Inventory	2,84,000	1,98,000
Trade creditors	95,000	75,000
Bills payable	65,000	95,000



8. From the following Balance Sheets of Saturn Ltd. for the years ending 31st March 2019 and 2020. Prepare i) Schedule of changes in Working Capital and ii) Funds Flow Statement.

Balance Sheets as at 31st March

Liabilities	2019	2020	Assets	2019	2020
	₹	₹		₹	₹
Equity share capital	6,00,000	8,00,000	Goodwill	72,000	60,000
General reserve	1,40,000	2,10,000	Buildings	4,00,000	5,60,000
Profit & Loss A/c	1,66,000	2,70,000	Plant	6,70,000	7,40,000
Long-term loans	8,00,000	6,00,000	Investments		
Sundry creditors	92,000	54,000	in shares	5,00,000	4,20,000
Bills payable	12,000	17,000	Stock	1,30,000	1,23,000
Provision for tax	88,000	90,000	Debtors	98,000	1,09,000
			Bills receivable	12,000	13,200
			Cash at bank	16,000	15,800
	18,98,000	20,41,000		18,98,000	20,41,000

The following additional information has also been given for year ending 31-3-2020.

- i) 20% depreciation was charged on opening balance of plant.
- ii) A new building at the cost of ₹ 2,40,000 was added.
- iii) Provision for tax of ₹ 99,000 was made.
- iv) ₹ 72,000 interest was paid on long-term loans.
- v) ₹ 30,000 dividends were received on investments in shares.

(Treat provision for tax as non-current liability).



9. From the following Balance Sheets of Adithya Company as at 31st March 2019 and 31st March 2020 prepare a Cash Flow Statement as per AS-3(Indirect Method).

Balance Sheets as on

Liabilities	31-3-2019		31-3-2020		Assets	31-3-2019		31-3-2020	
	₹		₹			₹		₹	
Equity share capital	3,00,000		3,50,000		Land				
Share premium	–		30,000		and Buildings	2,30,000		3,90,000	
General reserve	45,000		65,000		Plant				
Profit and Loss A/c	30,000		80,800		and machinery	85,400		1,40,000	
6% Debentures	–		70,000		Furniture	5,500		6,500	
Sundry creditors	85,000		90,700		Stock	82,400		95,700	
Provision for taxation	22,500		40,500		Sundry debtors	75,000		85,500	
Proposed dividend	30,000		35,000		Bank balance	34,200		44,300	
	5,12,500		7,62,000			5,12,500		7,62,000	

Additional Information :

- i) Depreciation written off during the year : Land and Buildings ₹ 60,000; Plant and Machinery ₹ 50,000 and Furniture ₹ 1,200.
- ii) Ignore interest on debentures.
- iii) Tax paid during the year ₹ 20,000.
- iv) Dividend of ₹ 30,000 was paid.



10. a) Prepare a Comparative Income Statement from the following Income Statement and comment.

Particulars	31-3-2018	31-3-2019
	(₹ '000)	(₹ '000)
Net sales	6,000	5,600
Less : Cost of goods sold	<u>4,200</u>	<u>3,600</u>
Gross profit	1,800	2,000
Less : Operating expenses	<u>1,200</u>	<u>1,200</u>
Operating profit	600	800
Less : Non-operating expenses	<u>500</u>	<u>400</u>
	100	400
Add : Non-operating income	<u>50</u>	<u>40</u>
Net profit/Loss	150	440

- b) The following transactions took place during a week in the books of Prasad Ltd. State whether the following transactions increase or decrease or do not affect the net working capital.
- Issue of preference shares ₹ 2,00,000.
 - Receipt of cash from debtors ₹ 50,000.
 - Bills receivable dishonoured ₹ 3,000.
 - Plant sold ₹ 80,000.
 - Stock purchased on credit ₹ 1,00,000.
 - Furniture purchased ₹ 9,000.
 - Purchased plant by issue of debentures ₹ 1,00,000.
 - Paid cost of issue of debentures ₹ 2,000.



11. Following is the extracted information from the financial statement of Reliable Company Ltd. as at 31st March 2019.

Particulars	₹
Equity share capital (shares of ₹ 10 each)	32,00,000
8% Preference share capital	10,00,000
Reserves and surplus	6,00,000
9% Secured debentures	12,00,000
Trade payables	10,00,000
Short-term provisions	6,00,000
Inventories	16,00,000
Trade receivables	4,50,000
Cash and cash equivalents	3,50,000
Fixed assets	52,00,000
Profit before interest and tax for the year	18,00,000
Tax paid	1,72,000

Calculate :

- i) Current Ratio.
- ii) Liquid Ratio.
- iii) Return on Capital Employed.
- iv) Long-term Debt-Equity Ratio.
- v) Earnings Per Share (EPS) and
- vi) Shareholders' Funds to Total Assets Ratio.