

**B.Com. VI Semester Degree Examination, May/June - 2019**

**COMMERCE**

**Management Accounting**

**(Paper - 6.2)**

**(Old)**

Time : 3 Hours

Maximum Marks : 80

*Instructions to Candidates:*

**Attempt ALL** sections according to internal choice.

**SECTION - A**

Answer any **TEN** of the following questions.

**(10×2=20)**

1. What is Management Accounting?
2. State two features of Management Accounting.
3. State two functions of Management Accounting.
4. What are the two limitations of Management Accounting?
5. Give the meaning of Ratio Analysis.
6. State two types of Ratio Analysis.
7. What is cash flow statement?
8. State two objectives of cash flow statement.
9. State two uses of fund flow statement.
10. What is funds from operation?
11. What is Financial Analysis?
12. State two methods of Financial Analysis.

**SECTION - B**

Answer any **THREE** of the following :

**(3×5=15)**

13. Explain the importance of Ratio's.
14. Explain the differences between cash flow and fund flow.
15. The Balance sheet of P. Ltd. as on 31-12-91 was as follows.

Liabilities	Amt.	Assets	Amt.
Equity share		Plant	24,000
Capital	40,000	Building	40,000
Capital Reserve	8,000	Furniture	16,000
8% Loan on		Stock	12,000
Mortgage	32,000	Debtors	12,000
Creditors	16,000	Short - term	
BOD	4,000	Investment	4,000

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		12,000
<b>Taxation:</b>		
Current	4,000	
Future	4,000	
P & L a/c	12,000	
	1,20,000	1,20,000

Compute -  
 Current Ratio  
 Quick Ratio  
 Debt - Equity Ratio

**16. Calculate funds from operations.**

Particulars	Amt.
Profit as per statement of P & L.	71,000
Depreciation	30,000
Loss on sale of machinery	1,000
Goodwill written off	1,000
Patents written off	500
Discount on issue of shares	2,000
Profit on sale of Building	12,500

**17. Net income of S. Ltd for the year ending 31-12-2017 was Rs. 1,60,000. Compute the cash flows from operating activities.**

Particulars	01-01-17	31-12-17
Bills Receivable	20,000	24,000
Prepaid Expenses	6,000	4,000
Stock	1,10,000	1,20,000
O/S incomes	2,000	3,000
Debtors	60,000	80,000
Accumulated Depreciation	1,00,000	1,20,000
Doubt ful debts	3,000	4,000
Dividend Payable	-	6,000
Bills Payable	16,000	12,000
O/S Expenses	6,000	12,000
Creditors	96,000	60,000

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SECTION - C

Answer any THREE of the following :

(3×15=45)

18. Explain the objectives of Management Accounting.

19. From the following statement of H. Ltd. Calculate the following Ratio's.

- a) Current Ratio
- b) Liquid Ratio
- c) Gross Profit Ratio
- d) Net Profit Ratio
- e) Return on Investment Ratio

Statement of Assets and Liabilities

Particulars	Note No.	Amount	Total
<b>I Equity &amp; Liabilities</b>			
1 Shareholders Funds			
a) Share capital	1	4,00,000	
b) Reserves & Surplus	2	3,00,000	7,00,000
2 Current Liabilities			
Short term borrowings	3	60,000	
Trade Payables	4	2,00,000	2,60,000
Total			<u>9,60,000</u>
<b>II Assets</b>			
1 Non - current assets			
a) Fixed assets			
Tangible assets	5	4,60,000	4,60,000
b) Current assets			
Inventories	6	2,80,000	
Trade receivables	7	1,60,000	
Cash & Cash equivalent	8	60,000	5,00,000
Total			<u>9,60,000</u>

Statement of Profit and Loss

Particulars	Note No.	Amount	Total
<b>I Continuing Operations</b>			
1 Revenue from operations	1	17,00,000	
2 Other income	2	18,000	
Total Revenue			17,18,000
3 Expenses			
Cost of materials consumed	3	9,91,500	
Finance cost	4	30,000	
Other expenses	5	3,96,500	14,18,000
Net Profit			<u>3,00,000</u>

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Notes to accounts (Balance Sheet)

Note No.		Amount
1	Share capital Equity shares 40,000 of Rs. 10	4,00,000
2	Reserves & Surplus Gen. Reserve Profit & Loss	1,80,000 1,20,000 <u>3,00,000</u>
3	Short term borrowings Bank O.D.	60,000
4	Trade payable Creditors for Goods Creditors for Expenses	1,60,000 40,000 <u>2,00,000</u>
5	Tangible assets Plant Furniture	3,00,000 1,60,000 <u>4,60,000</u>
6	Inventories - stock	2,80,000
7	Trade Receivables Debtors Bills receivable	1,40,000 20,000 <u>1,60,000</u>
8	Cash & Cash equivalents Bank balance	60,000

Notes to accounts (Profit & Loss)

Note No.		Amount
1	Revenue from operations Sale of goods	17,00,000
2	Other incomes Profit on sale of investment Interest on investments	12,000 6,000 <u>18,000</u>
3	Cost of materials consumed Opening stock Purchases	1,81,000 10,90,500 <u>12,71,500</u>

Less	Closing stock	2,80,000
	Cost of materials consumed	9,91,500
4	Finance cost	
	Financial Exp's	30,000
5	Other expenses	
	Carriage inwards	28,500
	Office exp's	3,00,000
	Sales exp's	60,000
	Loss on sale of fixed assets	8,000
		<u>3,96,500</u>

20. Prepare a fund flow statement.

Particulars	Note	2016		2017	
		Amt.	Total	Amt.	Total
<b>I Equity &amp; Liab's</b>					
1	Shareholders funds				
	a) share capital	5,000		5,300	
	b) Res & surplus	2,800	7,800	3,700	9000
2	Non - current Liab's				
	long term borrowing		1,400		1,300
3	Current Liab's				
	Trade Payables		2,000		2,100
	Total		<u>11,200</u>		<u>12,400</u>
<b>II Assets</b>					
1	Non-current assets				
	a) Fixed assets				
	1) Tangible assets		2,900		3,300
2	current assets				
	Inventories	6	3100	3200	
	Trade Receivables	7	2400	2,700	
	Cash & Cash equable	8	2,000	2,500	
	Other current assets	9	800	700	9,100
	Total		<u>11,200</u>		<u>12,400</u>

Notes to Accounts

Note	Particulars	2016	2017
I	Share Capital		
	Equity Capital	5,000	5,300

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2	Reserves & surplus		
	Retained earnings	2,800	3,700
3	Long term borrowings		
	Long term debts	1,400	1,300
4	Current Liabilities		
	Accounts Payables	2,000	2,100
5	Tangible Assets		
	Fixed assets	5,000	5,800
	Less Depreciation	<u>2,100</u>	<u>2,500</u>
	Tangible assets	<u>2,900</u>	<u>3,300</u>
6	Inventories		
	Stock	3,100	3,200
7	Trade receivables		
	Accounts receivables	2,400	2,700
8	Cash & Cash equivalents		
	Cash	2,000	2,500
9	Other current assets	800	700

Adjustments :

- 1) Fixed assets costing Rs. 1200 were purchased.
- 2) Fixed assets (original cost- Rs. 400 accumulated depreciation Rs. 150) were sold for Rs. 200.
- 3) Depreciation for the year 2017 amounted to Rs. 550 duly debited to P & L a/c.
- 4) Dividend paid amounted to Rs. 300 in 2017.
- 5) Reported income for the year 2017 was Rs. 1200.

21. The financial position of a company as on 31.12.2014 and 2015 was as under

Particulars	Note	2014		2015	
		Amt.	Total	Amt.	Total
1 Equity & Liab's					
1 Shareholders funds					
a) share capital	1	2,00,000		2,00,000	
b) Res & Surplus	2	96,000	2,96,000	98,000	2,98,000
2 Non current Liab's					
Long term borrowings	3		60,000		90,000
3 Current Liab's					
Trade Payable	4		72,000		82,000
Total			<u>4,28,000</u>		<u>4,70,000</u>



**II Assets**

1	Non current Assets				
	Tangible Assets	5	3,00,000		3,42,000
2	Current assets				
	Inventories	6	50,000	44,000	
	Trade receivable	7	70,000	76,800	
	Cash	8	8,000	7,200	1,28,000
			<u>1,28,000</u>		<u>1,28,000</u>
			<u>4,28,000</u>		<u>4,70,000</u>

**Notes to Accounts**

Note	Particulars	2014	2015
1	Share Capital	2,00,000	2,00,000
2	Reserves & Surplus		
	Profit & Loss	96,000	98,000
3	Long term borrowings		
	Loan from bank	60,000	50,000
	Loan from Subsidiary Company	-	40,000
		<u>60,000</u>	<u>90,000</u>
4	Trade Payable		
	Creditors	72,000	82,000
5	Tangible Assets		
	Machinery	2,14,000	2,44,000
	Less : Depreciation	54,000	72,000
		<u>1,60,000</u>	<u>1,72,000</u>
	Building	1,00,000	1,10,000
	Land	40,000	60,000
		<u>3,00,000</u>	<u>3,42,000</u>
6	Inventories		
	Stock	50,000	44,000
7	Trade Receivable		
	Debtors	70,000	76,800
8	Cash & Cash equivalent		
	Cash	8,000	7,200

During the year Rs. 52,000 were paid as dividends. Prepare cash flow statement as per As-3.

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22. The following is the P&I. of H Ltd. for the year 2017 and its previous year 2016. Prepare comparative income statement. Statement of Profit & Loss.

Particulars	2016		2017	
	Amt.	Total	Amt.	Total
1 continuing operations				
1 Revenue from operations	14,19,736		16,40,694	
2 Other incomes	22,090	14,41,826	12,824	16,53,518
Total revenue		14,41,826		16,53,518
3 Expenses				
Cost of sales	9,26,500		9,67,298	
Finance cost	8,550		7,000	
Other exp's	2,89,216	12,24,266	3,40,298	13,15,036
Profit before Tax		21,75,60		3,38,542
4 Less : Tax expenses		86,076		1,60,780
Profit after Tax		1,31,484		1,77,762

Notes to Accounts

Note	Particulars	2016	2017
1	Revenue from operations	14,42,912	16,68,500
	Less: Sales Returns	23,176	27,806
	Net Revenue	14,19,736	16,40,694
2	Other income	22,090	12,824
	Dividend		
	Purchase Discount	7,590	5,240
	Profit on sale of land	8,500	7,584
	Other income	6,000	-
3	Cost of sales	9,26,500	9,67,798
4	Finance cost	8,550	7,000
	Interest Paid		
5	Other expenses	2,89,208	3,47,238
	Administrative Exps	93,062	1,08,274
	Selling Exp's	1,93,646	2,31,264
	Loss on sale of P assets	2,500	7,000
	Other Expenses	2,89,208	3,47,238
6	Tax expenses	86,076	1,60,780
	Income Tax		