

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

**COMMERCE**

**Management Accounting**

**Paper No. - 6.3**

Time : 3 Hours

Maximum Marks : 70

**Instructions to Candidates:**

Attempt all the sections according to internal choice.

**SECTION - A**

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

(5×2=10)

1. Define Management Accounting.
2. State two objectives of management accounting.
3. What is Financial Analysis?
4. State two objectives of Financial Analysis and interpretation.
5. State two types of Ratio's.
6. What is Fund?
7. Give the meaning of Cash flow.

**SECTION - B**

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

(3×5=15)

8. Explain the functions of Management Accounting.
9. State the advantages of Funds Flow Analysis.

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10. From the following information ascertain the Debtors Turn Over Ratio and Average collection period.

- Total sales – Rs. 6,40,000
- Cash sales – Rs. 4,00,000
- Opening Debtors – Rs. 20,000
- Closing Debtors – Rs. 28,000
- Opening Bills Receivable – Rs. 16,000
- Closing Bills Receivable – Rs. 24,000

11. Ascertain Funds from operations as at 31-12-2017.

Particulars	As on	As on
	31-12-2016	31-12-2017
Profit and loss as per statement	6,00,000	5,60,000
Gen Reserve	2,00,000	2,50,000
Good will	1,00,000	80,000
Provision for Depreciation	40,000	52,000
Preliminary expenses	30,000	20,000

12. From the following information calculate cash flow from operating activities.

Particulars	2014	2015
Cash	5,000	4,000
Debtors	50,000	40,000
Stock	70,000	90,000
Bills Receivables	10,000	8,000
Prepaid expenses	3,000	5,000
Accrued incomes	10,000	6,000
Profit & Loss (profit)	40,000	50,000
Bank overdraft	50,000	45,000
Creditors	60,000	78,000
Proposed dividend	10,000	12,000
Tax provision	15,000	13,000

SECTION - C

Answer any THREE of the following questions.

(3×15=45)

- 13. Explain the differences between Financial Accounting and Management Accounting.
- 14. From the following statement of Assets and Liabilities of ABC Ltd. Prepare Fund Flow statement.

Particulars	Note	2016		2017	
		Amount	Total	Amount	Total
<b>I Equity &amp; Liabilities</b>					
1. shareholders Funds					
a) Share capital	1	9,00,000		10,00,000	
b) Res & Surplus	2	1,40,000	10,40,000	2,36,000	12,36,000
2. Current Liabilities					
Trade payables	3	1,50,000		1,98,000	
short term provision	4	1,64,000	3,14,000	2,00,000	3,98,000
			13,54,000		16,34,000
<b>II Assets</b>					
1. Non current Assets					
a) Fixed Assets					
i) Tangible Assets	5	5,60,000		7,40,000	
ii) In Tangible Assets	6	2,30,000	7,90,000	1,80,000	9,20,000
2. Current assets					
Inventories	7	1,54,000		2,18,000	
Trade receivables	8	3,60,000		4,60,000	
cash and cash					
Equivalents	9	50,000	5,64,000	36,000	7,14,000
			13,54,000		16,34,000

Notes to Accounts

Note		2016	2017
1	Share capital, Equity capital	6,00,000	8,00,000
	Pref capital	3,00,000	2,00,000
	Share capital	9,00,000	10,00,000
2	Reserves and surplus		
	General Reserve	80,000	1,40,000
	Profit & Loss a/c	60,000	96,000
	Reserve and surplus	1,40,000	2,36,000

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3	Trade payables		
	Creditors	1,10,000	1,66,000
	Bills payables	40,000	32,000
	Trade Payables	1,50,000	1,98,000
4	Short term Provisions		
	Proposed dividend	84,000	1,00,000
	Provision for taxation	80,000	1,00,000
	Short term provisions	1,64,000	2,00,000
5	Tangible Assets		
	Land & Buildings	4,00,000	3,40,000
	Plant & Machinery	1,60,000	4,00,000
	Tangible assets	5,60,000	7,40,000
6	Intangible assets		
	Goodwill	2,30,000	1,80,000
	Intangible assets	2,30,000	1,80,000
7	Inventories - stock	1,54,000	2,18,000
	Inventories	1,54,000	2,18,000
8	Trade Receivables Debtors	3,20,000	4,00,000
	Bills Receivables	40,000	60,000
	Trade Receivables	3,60,000	4,60,000
9	Cash and cash equivalents		
	cash in hand	30,000	20,000
	cash at Bank	20,000	16,000
	cash and cash equivalents	50,000	36,000

Adjustments: <https://www.vskub.com>

- Depreciation Rs. 20,000 on plant & Machinery & Rs. 40,000 on Land & Buildings.
- An interim dividend of Rs. 40,000 has paid in 2017.
- Income Tax Rs. 70,000 has been paid during 2017.



5. The statement of assets and liabilities of VEE Ltd is as follows.

Particulars	Note	2014		2015	
		Amount	Total	Amount	Total
<b>I. Equity &amp; Liabilities</b>					
1. Shareholders Funds					
a) Share capital	1	2,00,000		2,00,000	
b) Reserves & surplus	2	<u>3,92,000</u>	<u>5,92,000</u>	<u>3,96,000</u>	<u>5,96,000</u>
2. Non-current liabilities					
Long-term borrowings	3		1,24,000		1,80,000
3. Current liabilities					
Trade payable	4		1,44,000		1,64,000
Total			<u>8,60,000</u>		<u>9,40,000</u>
<b>II. Assets</b>					
1. Non current Assets					
a) Fixed Assets					
b) Tangible Assets	5		6,00,000		6,84,000
2. Current Assets					
a) Inventories	6	1,00,000		88,000	
b) Trade receivable	7	1,40,000		1,53,600	
c) Cash and cash equivalent	8	20,000	2,60,000	14,400	2,56,000
Total			<u>8,60,000</u>		<u>9,40,000</u>

Notes to accounts

Note		2014	2015
1	Share capital, Share capital	2,00,000 <u>2,00,000</u>	2,00,000 <u>2,00,000</u>
2	Reserves & surplus Gen. Reserve Profit & Loss a/c Reserve & surplus	 2,00,000 1,92,000 <u>3,92,000</u>	 2,00,000 1,96,000 <u>3,96,000</u>
3	Long term borrowings Loan from the Co. Loan from Bank Long-term borrowings	  1,24,000 <u>1,24,000</u>	 80,000 1,00,000 <u>1,80,000</u>

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4	Trade payable creditors		1,44,000	1,64,000
5	Tangible Assets			
	Land		80,000	1,20,000
	Buildings		2,00,000	2,20,000
	Machinery		3,20,000	3,44,000
	Tangible assets		<u>6,00,000</u>	<u>6,84,000</u>
6	Inventories			
	Stock		1,00,000	88,000
7	Trade Receivables			
	Debtors		1,40,000	1,53,600
8	Cash and cash equivalents			
	Cash		<u>20,000</u>	<u>14,400</u>

**Adjustments:**

- During the year Rs. 1,04,000 was paid as dividends.
- The provision for depreciation against machinery as on 01-01-2015 was Rs. 1,08,000 and Rs. 1,44,000 on 31-12-2015.

You are required to prepare the cash flow statement (As per AS - 3)

16. The statement of Assets and Liabilities of P. Co. Ltd and R.Co. Ltd are given as follows statement of Assets and Liabilities.

Particulars	Note	Amount	P. Co. Ltd.	R. Co. Ltd.
			Total	Amount
<b>I Equity &amp; Liabilities</b>				
1. Shareholders Funds				
Share capital	1	5,40,000		11,20,000
Reserves & surplus	2	28,000	5,68,000	36,000
2. Non-current Borrowings				11,56,000
Long-term loans	3		2,30,000	
3. Current liabilities				2,60,000
Trade payable	4	28,000		8,000
Short term provisions	5	20,000		1,80,000
Other current Liabilities	6	30,000	78,000	12,000
				2,00,000

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Total					
II Assets			<b>8,76,000</b>		<b>16,16,000</b>
1. Non current Assets					
a) Fixed Assets					
Tangible Assets		7	8,28,000		14,46,000
2. Current Assets					
Current Investment		8	2,000	80,000	
Inventories		9	20,000	50,000	
Trade receivable		10	8,000	16,000	
Cash and cash equivalents		11	16,000	20,000	
short term loans					
and Advance		12	2,000	48,000	1,70,000
Total			<b>8,76,000</b>		<b>16,16,000</b>

you are required to prepare a common size income statement and show necessary workings.

7. Following are the statement of Assets and Liabilities of a company as on 31-12-2016 and 31-12-2017.

Statement of Assets and Liabilities

Particulars	Note	Amount	2016		2017	
			Total	Amount	Total	
<b>I Equity &amp; Liabilities</b>						
1. Shareholders Funds						
a) Share capital	1	1,39,000		1,45,000		
b) Reserves & surplus	2	21,800	1,60,800	24,120	1,69,120	
2. Non-current liabilities						
Long-term borrowings	3		24,000		12,000	
3. Current liabilities						
Trade payables	4		20,000		23,680	
<b>Total</b>			<b>2,04,800</b>		<b>2,04,800</b>	
<b>II Assets</b>						
1. Non current Assets						
a) Fixed assets						
i) Tangible assets	5	40,000		60,000		
ii) InTangible assets	6	20,000	<b>60,000</b>	10,000	<b>70,000</b>	

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2. Current Assets					
a) Inventories	7	98,400		85,400	
b) Trade debtors	8	28,400		33,800	
c) Cash and cash equivalent	9	18,000	1,44,800	15,600	1,34,800
<b>Total</b>			<b>2,04,800</b>		<b>2,04,800</b>

Notes to Accounts

Note:		2016	2017
1	Share capital		
	Equity shares of Rs. 10 each	1,39,000	1,45,000
2	Reserves & surplus		
	Share premium	1,000	3,000
	Profit & Loss a/c	20,800	21,120
	Reserves and surplus	21,800	24,120
3	Long term borrowings		
	Debentures	24,000	12,000
4	Trade payables		
	Trade creditors	20,000	23,680
5	Tangible assets - Land	40,000	60,000
6	Intangible assets - Goodwill	20,000	10,000
7	Inventories - stock	98,400	85,400
8	Trade Receivables - Debtors	29,800	35,400
	Less - PIDD	1,400	1,600
	Trade receivables	28,400	33,800
9	Cash and cash equivalents		
	cash in hand	18,000	15,600

Additional Information:

- a) Dividend were paid totalling Rs. 7,000.
  - b) Land was purchased for Rs. 20,000 and the amount provided for amortisation of Goodwill Rs. 10,000.
  - c) Debenture loan was repaid Rs. 12,000.
- you are required to prepare Fund Flow statement.

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