



QP CODE: 20100483

Reg No :

Name :

BCOM DEGREE (CBCS) EXAMINATION, MARCH 2020

Sixth Semester

Core course - CO6CRT20 - MANAGEMENT ACCOUNTING

B.Com Model I Finance & Taxation, B.Com Model I Co-operation, B.Com Model I Computer Applications, B.Com Model I Travel & Tourism, B.Com Model II Computer Applications, B.Com Model II Finance & Taxation, B.Com Model II Logistics Management, B.Com Model II Marketing, B.Com Model II Travel & Tourism, B.Com Model III Computer Applications, B.Com Model III Office Management & Secretarial Practice, B.Com Model III Taxation, B.Com Model III Travel & Tourism

2017 Admission Onwards

46B43B39

Instructions to Private candidates only: This question paper contains **two sections**. Answer **Section I** questions in the answer-book provided. **SECTION II** Internal Examination questions must be answered in the question paper itself. Follow the detailed instructions given under **SECTION II**.

SECTION I

Time: 3 Hours

Marks: 80

Part A

*Answer any **ten** questions.*

*Each question carries **2** marks.*

1. How is personal judgement a limitation of management accounting ?
2. What is Zero Base Budgeting technique ?
3. Write a short note on Financial Statement Analysis.
4. List the objectives of Comparative Balance Sheet.
5. Write a note on Ratio Analysis.
6. Write a note on Secondary ratios.
7. What is Interest Coverage Ratio?
8. Calculate Gross Profit Ratio from the following:

| | | | |
|-------------------|-----------|-------------------------|-----------|
| Opening Inventory | 40,000 | Carriage | 60,000 |
| Wages | 1, 00,000 | Revenue from Operations | 8, 00,000 |
| Purchases | 3, 00,000 | Closing Inventory | 60,000 |



9. Write a short note on Funds Flow Analysis.
10. Compute Funds from Operations: Profit after tax: Rs. 2, 63,000, Provision for Tax: Rs. 1,15,000, Profit on sale of machinery: Rs. 25,000, Depreciation Rs.75, 500, Interest on investment: Rs.50,000.
11. What is meant by Cash Flow from Extraordinary item ? Give an example.
12. GSC Ltd. purchased a building for Rs.25,00,000 and paid the consideration by the issue of Equity Shares. Ajas, the accountant, has prepared the cash flow statement and has shown the transaction as follows;
Investing Activities: Purchase of Building Rs.25,00,000
Financing Activities: Issue of Equity Shares Rs.25,00,000
Do you think that it is in accordance with per AS – 3?

(10×2=20)

Part B

Answer any six questions.

Each question carries 5 marks.

13. How does Management Accounting differ from Cost Accounting ?
14. Explain the uses of Financial Statements.
15. Prepare a Comparative Balance Sheet from the following information.

| Particulars | 31-03-2018 | 31-03-2019 |
|--------------------------|------------|------------|
| Land and Buildings | 25,00,000 | 35,00,000 |
| Goodwill | 7,00,000 | 10,00,000 |
| Equity Share capital | 32,00,000 | 33,00,000 |
| Governemnt Bonds | 6,00,000 | 6,00,000 |
| General Reserve | 7,00,000 | 2,00,000 |
| Trade Receivables | 6,40,000 | 7,90,000 |
| Short Term Investments | 5,00,000 | 2,00,000 |
| 9 % Debentures | 11,50,000 | 16,00,000 |
| Cash in hand | 50,000 | 25,000 |
| Inventories | 6,00,000 | 3,50,000 |
| Trade Payables | 2,80,000 | 4,50,000 |
| Preference Share Capital | 1,40,000 | 7,00,000 |
| Profit and Loss Account | 2,70,000 | 2,90,000 |
| Cash at Bank | 1,50,000 | 75,000 |

16. Explain the significance of Current Ratio and Quick Ratio with suitable example.



17. Following are the particulars of a company given to you.

- (1) Receivable Turnover = 90 days (360 days a year)
- (2) Inventory Turnover = 3 times
- (3) Payables Turnover = 3 months
- (4) Gross Profit Ratio = 25%

The following are the additional information:

1. Gross profit for the year comes to Rs. 18,000.
2. Closing inventory is Rs. 2,000 above the opening stock.
3. Bills receivable amounted to Rs. 2,500
4. Bills Payable amounted to Rs. 1,000

Find out:

(A) Sales (B) Debtors (C) Closing Inventory (D) Sundry Creditors

18. The Balance Sheets of Texas Ltd as on 31/03/2018 and 31/03/2019 is given below;

| | 31-12-2018 | 31-12-2019 |
|-----------------------------------|------------------|------------------|
| I. Equity and Liabilities: | | |
| 1. Share Holder's Fund | | |
| a) Share Capital | 5,00,000 | 6,50,000 |
| b) General reserve | 74,000 | 78,000 |
| c) Profit and Loss Account | 86,000 | 94,000 |
| 2. Current Liabilities | | |
| a) Trade Creditors | 1,87,000 | 1,90,000 |
| b) Outstanding Expenses | 13,000 | 16,500 |
| c) Provision for Taxation | 50,000 | 75,000 |
| d) Proposed Dividend | 50,000 | 65,000 |
| Total Liabilities | 9,60,000 | 11,68,500 |
| II. Assets: | | |
| 1. Non-Current Assets | | |
| a) Fixed: Tangible Assets | | |
| i) Land and Building | 4,75,000 | 4,17,500 |
| ii) Machinery | 2,20,000 | 3,98,000 |
| iii) Furniture | 8,500 | 7,650 |
| 2. Current Assets | | |
| i) Stock | 1,33,100 | 1,86,500 |
| ii) Debtors | 1,08,500 | 1,15,300 |
| iii) Bills Receivable | | 29,550 |
| iv) Cash | 14,900 | 14,000 |
| Total Assets | 10,60,000 | 11,68,500 |



Prepare a schedule of changes in working capital. Your assumptions will form part of the answer.

19. "Funds Flow Statement presents a decision view of business" Comment.

20. Calculate Cash from Operations from the following:

I. Profit made during the year Rs.3,00,000 after considering the following items:

- a. Depreciation – Rs.10,000
- b. Amortisation of Goodwill – Rs.6,000
- c. Transfer to General Reserve – Rs.8,000
- d. Profit on sale of land – Rs.3,000

II. Following is the position of the current assets and current liabilities :

| PARTICULARS | 31 st March 2019 (Rs.) | 31 st March 2020 (Rs.) |
|------------------|--------------------------------------|--------------------------------------|
| Debtors | 15,000 | 12,000 |
| Creditors | 10,000 | 15,000 |
| Bills Receivable | 8,000 | 10,000 |
| Prepaid Expenses | 2,000 | 8,000 |

21. ABC Ltd. provided the following information, calculate Net Cash Flow from Financing Activities:

| PARTICULARS | 31 st March 2020 (Rs.) | 31 st March 2019 (Rs.) |
|----------------------|---------------------------------------|---------------------------------------|
| Equity Share Capital | 12,00,000 | 10,00,000 |
| 12% Debentures | 2,00,000 | 1,00,000 |

Additional

Information :

- 1. Interest paid on Debentures Rs.19,000.
- 2. Dividend paid Rs.50,000.
- 3. During the year, ABC Ltd. issued bonus shares in the ratio of 5:1 by capitalising reserve.

(6×5=30)

Part C

Answer any **two** questions.

Each question carries **15** marks.



22. From the following Balance Sheet of RS Ltd as at 31 st March 2019, prepare a Common Size Balance Sheet.

| | 31-03-2019 |
|--|------------------|
| I. Equity and Liabilities: | |
| 1. Share Holder's Fund | |
| a) Share Capital | 3,60,000 |
| b) Preference Share Capital | 2,00,000 |
| c) Profit and Loss Account | 1,51,800 |
| d) General Reserve | 78,000 |
| 2. Non-Current Liabilities | |
| a) 10% Debentures | 4,50,000 |
| b) Long Term Borrowings | 7,80,000 |
| c) Accumulated Depreciation on Building | 1,20,000 |
| d) Long Term Provisions | 2,15,000 |
| 3. Current Liabilities | |
| a) Income Tax Payable | 12,000 |
| b) Outstanding Expenses | 24,000 |
| c) Trade Creditors | 2,40,000 |
| Total | 26,30,800 |
| II. Assets: | |
| 1. Non-Current Assets | |
| a) Fixed: Tangible Assets | |
| i) Land | 11,20,000 |
| ii) Buildings and Equipment | 3,60,000 |
| b) Fixed: Intangible Assets | |
| i) Goodwill | 3,75,000 |
| ii) Trade Marks | 1,25,000 |
| 2. Current Assets | |
| i) Stock | 2,64,000 |
| ii) Debtors | 1,68,000 |
| iii) Sundry Advances | 1,07,800 |
| iv) Cash at Bank | 1,01,000 |
| v) Cash in Hand | 10,000 |
| Total | 26,30,800 |

23. From the following information relating to Moon Light prepare a Balance Sheet as on 31.3.2015:

- | | |
|------------------|-----|
| 1. Current Ratio | 2.5 |
| 2. Liquid Ratio | 1.5 |



| | |
|---|--------------|
| 3. Net Working Capital | Rs. 3,00,000 |
| 4. Cost of Sales/ Closing Stock | 8 times |
| 5. G.P Ratio | 20% |
| 6. Average Debt Collection Period | 1.5 Months |
| 7. Fixed Assets/ Proprietor's Net worth | 0.75 |
| 8. Reserves & Surplus/ Capital | 0.50 |

24. From the following balance sheets given below, you are required to prepare Funds Flow Statement.

| | 31-12-2018 | 31-12-2019 |
|-----------------------------------|-----------------|-----------------|
| I. Equity and Liabilities: | | |
| 1. Share Holder's Fund | | |
| a) Share Capital | 1,10,000 | 1,50,000 |
| b) Reserves and Surplus | | |
| General Reserves | 4,000 | 4,000 |
| Profit and Loss Account | 2,000 | 2,400 |
| 2) Non- Current Liabilities | | |
| a) 9% Debentures | 12,000 | 14,000 |
| b) Long Term Provisions | | |
| c) Provision for Taxation | 6,000 | 8,400 |
| 3) Current Liabilities | | |
| a) Trade Creditors | 49,000 | 35,600 |
| b) Proposed Dividend | 10,000 | 11,600 |
| Total Liabilities | 1,93,000 | 2,26,000 |
| II. Assets: | | |
| 1. Non-Current Assets | | |
| a) Fixed: Tangible Assets | | |
| i) Land and Building | 60,000 | 50,000 |
| ii) Plant and Machinery | 30,000 | 50,000 |
| 2. Current Assets | | |
| i) Stock | 60,000 | 70,000 |
| ii) Debtors | 40,000 | 48,000 |
| iii) Bank | 2,400 | 7,000 |
| iv) Cash | 600 | 1,000 |
| Total Assets | 1,93,000 | 2,26,000 |

25. The Comparative Balance Sheets of a company is given below:

Particulars

Note No. 31st March 2018 (Rs) 31st March 2019 (Rs)

I. EQUITY AND LIABILITIES



| | | |
|--|---------------|---------------|
| 1. Shareholder's Funds | | |
| (a) Share Capital | 35,000 | 37,000 |
| (b) Profit and Loss Balance | 5,020 | 5,280 |
| 2. Non - Current Liabilities | | |
| Long Term Borrowings : Debentures | 6,000 | 3,000 |
| 3. Current Liabilities | | |
| (a) Trade Payables | 5,180 | 5,920 |
| TOTAL | 51,200 | 51,200 |
| II. ASSETS | | |
| 1. Non- Current Assets | | |
| (a) Land | 10,000 | 15,000 |
| (b) Goodwill | 5,000 | 2,500 |
| 2. Current Assets | | |
| (b) Inventories | 24,600 | 21,350 |
| (c) Trade Receivables | 7,450 | 8,850 |
| (d) Cash and Cash Equivalents : Cash | 4,500 | 3,900 |
| (e) Provision for bad and doubtful debts | (350) | (400) |
| TOTAL | 51,200 | 51,200 |

Additional Information:

1. Dividend Paid amounted to Rs.1,750
2. Land was purchased for Rs.5,000 and the amount provided for writing off goodwill was Rs.2,500
3. Debentures were paid to the extent of Rs.3,000

(2×15=30)

