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| **ST. JOSEPH’S COLLEGE (AUTONOMOUS), BANGALORE-27** |
| **B.COM-VI SEMESTER** |
| **SPECIAL SUPPLIMENTORY EXAMINATION-JUNE** |
| **BC6116/BPS6116– Management Accounting****Supplementary candidates only.** |
|  |  |  |  |  |  |  |
| **Time- 2.5 hrs** |  | **Max Marks-70** |
|  |  |  |  |  |  |  |
| **This paper contains 4 printed pages and four parts** |

**Section A**

**(Answer any 5 questions.)** **(5\*2=10marks**)

1. Define Management Accounting
2. Mention any two uses of Management reporting
3. What is Creditors turnover ratio?How is it calculated?
4. An increase in Working Capital is an application of Funds.Justify
5. State any two differences between AS3 and IND AS 7 with respect to preperation of cash flow statement
6. Explain with reason if goodwill written off will result in a change in the working Capital
7. State any two differences between a Fund Flow statement and a Cash flow statement

**Section B**

**(Answer any three questions).** (**3\*5=15 marks)**

1. How is Management accounting different from cost accounting?
2. From the following prepare,

a.Provision for Tax Account b.Machinery Account

Opening provision for Tax : 40,000

Closing Provision for Tax :60,000

Taxes Appropriated :70,000

Opening Balance of Plant and Machinery :5,00,000

Depreciation charged on Plant and Machinery :50,000

Closing Balance of Plant and Machinery :8,00,000

A piece of Machinery costing 12000 was sold for 8,000 and depreciation charged on it was 7000.

1. The current ratio of a company is 2:1.Which of the following transactions would improve it,reduce it and which would not change it?
2. To pay a current liability
3. To Purchase stock for cash
4. Sale of motor car for Cash
5. Issue promissory note to Creditors
6. What are the essentials of a good management report?
7. Prepare comparative statements from the following data and interpret the results

|  |
| --- |
|  |
| **Income statement**  | **2016(Rs in lakhs)** | **2017(lakhs)** |
| Net sales | 600 | 1000 |
| Cost of goods sold | 400 | 600 |
| Administration exps | 20 | 40 |
| Selling exps | 10 | 30 |
| Net profit | 170 | 330 |

**Section C**

**Answer any three questions**  (**3\*10=30 marks)**

1. It is seen that the profits of ABC Ltd is decreasing gradually year after year .As a management accountant ,draft a report to the management explaining the reasons for this .
2. Explain the need for Management Accounting over and above Financial accounting
3. From the following information,prepare a balance sheet with as many details as possible:
4. Current ratio 2
5. Liquid Ratio 1.25
6. Proprietory Ratio(Fixed assets/proprietors funds) 0.60
7. Working Capital 50,000
8. Reserves and Surplus 25,000
9. Bank Overdraft(Part of current Liabilities) 10,000
10. There is no long term loan or fictitious assets

16.From the following Balance sheets,Prepare a Cash flow statement.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Liabilities** | **2016** | **2017** | **Assets** | **2016** | **2017** |
| Creditors  | 36,000 | 41,000 | Cash | 4000 | 3600 |
| Loan from bank | 30,000 | 25,000 | Debtors | 35,000 | 38,400 |
| Mrs.R’s Loan | - | 20,000 | Stock | 25,000 | 22,000 |
| Capital | 1,48,000 | 1,49,000 | Land | 20,000 | 30,000 |
|  |  |  | Buildings | 50,000 | 55,000 |
|  |  |  | Machinery | 80,000 | 86,000 |
|  |  |  |  |  |  |
| **Total** | **2,14,000** | **2,35,000** | Total | **2,14,000** | **2,35,000** |

Adjustments:

1.Drawings during the year 26,000

2.Provision for Depreciation on Machinery Op Bal:27,000 and Cl.Bal 36,000

3.Provision for Depreciation on Building Op Bal:8,000 and Cl.Bal 10,000

17.From the following balance sheet, prepare a Fund Flow Statement

 (***Rs in 000s***)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Liabilities** | **2016** | **2017** | **Assets** | **2016** | **2017** |
| Sh.Capital  | 200 | 320 | Land and buildings | 200 | 170 |
| Preference shares | 150 | 90 | Goodwill | 100 | 80 |
| Reserves | 40 | 70 | Plant and Machinery | 80 | 200 |
| Debentures | 100 | 90 | Stock | 87 | 59 |
| P/L | 30 | 48 | Debtors | 150 | 250 |
| Creditors  | 55 | 83 | Cash at bank | 25 | 18 |
| Bills Payable | 20 | 16 | Preliminary exp | 15 | 10 |
| Proposed Dividend | 42 | 50 | Bills receivable | 20 | 30 |
| Prov.Tax | 40 | 50 |  |  |  |
| **Total** | **677** | **817** | **Total** | **677** | **817** |

**Adjustments:**

1. Interim dividend of 20000 is paid

2. Income Tax of 35000 is paid

3. Assets of another company were purchased for a consideration of 50000 payable in shares. Assets purchased were

Stock 20000

Machinery 25000

 4. Depreciation provided on the plant during the year 20000

 5.Plant was sold for 20000 (WDV 25000).

**Section D**

**COMPULSORY Question (1\*15=15 marks)**

**18**. Prepare a common size Balance sheet of A.Ltd and B.Ltd from the following information and interpret the results.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Liabilities** | **ALtd** | **BLtd** | **Assets** | **A.Ltd** | **B.Ltd** |
| Sh.Capital  | 480000 | 720000 | Land and buildings | 200000 | 120000 |
| Preference shares | 260000 | 120000 | Investments | 43200 | - |
| Reserves | 48000 | 72000 | Plant and Machinery | 216000 | 458400 |
| P/L | - | 64800 | Discount on issue of shares | 120000 | 96000 |
| Proposed Dividend | 67200 | 93600 | Fixed Deposits | 24000 | 84000 |
| Creditors  | 70000 | 100000 | Preliminary exp | 24000 | 16800 |
| Bills Payable | 17200 | 27200 | Debtors | 180000 | 259200 |
| Outstanding Salary | 39200 | 14400 | Stock | 204000 | 187200 |
| Prov.Tax | 67200 | 76800 | Bank | 30600 | 50000 |
|  |  |  | Cash | 7000 | 17200 |
| **Total** | **10,48,800** | **12,88,800** | **Total** | **10,48,800** | **12,88,800** |