

(i) Printed Pages : 8 Roll No.

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Bachelor of Commerce 5th Semester

(2125)

MANAGEMENT ACCOUNTING

Paper : BCM-502

Time Allowed : Three Hours] [Maximum Marks : 80

Note :— (1) Attempt any **four** parts from Section A. Each part carries **5** marks.

(2) Attempt any **two** questions from Section B. Each question carries **15** marks.

(3) Attempt any **two** questions from Section C. Each question carries **15** marks.

SECTION—A

1. Attempt any **four** parts.

(a) What are the advantages of Human Resource Accounting?

(b) A company has a profit margin of 15% and asset turnover of 3 times. What is the company's ROI? How will this ROI vary if Profit Margin is decreased by 5% and Asset Turnover is increased to 5 times?

- (c) From the following information, prepare a comparative income statement of Sudha Ltd:

	2021	2022
Sales	120% of Cost of Goods Sold	50% of Cost of Goods Sold
Cost of Goods Sold	Rs.20,00,000	Rs.25,00,000
Indirect Expenses	10% of Gross Profit	
Rate of Income Tax	50% of Net Profit Before Tax	

- (d) Extracts of the Balance Sheets are:

	31.03.2022 (Rs.)	31.03.2023 (Rs.)
Trade Investments	60,000	90,000

- i. Rs. 6,000 by way of dividend has been received during the year, including Rs. 2,500 from pre-acquisition profits which have been credited to Investment A/C.
- ii. Investments costing Rs.15,000 have been sold during the year for Rs.12,000.

Find out sources and applications of funds.

- (e) Using the following data, prepare the operating activities section of a cash flow statement for Rama Ltd. for the year ended December 31, 2022, using the indirect method.

Increase in salary payable	Rs.1,500
Decrease in accounts payable	Rs.2,000
Increase in accounts receivable	Rs.8,500
Net income	Rs.85,600

Decrease in inventory	Rs.5,800
Increase in prepaid expenses	Rs.1,200
Depreciation on equipment	Rs.5,500
Depreciation on building	Rs.7,500
Gain on sale of equipment	Rs.5,300
Loss on sale of patent	Rs.2,500

(f) What are the limitations of Social Accounting?

SECTION—B

2. Prepare the Balance Sheet of PQR Ltd. as on 31.03.2025 with the information given below:

Current Ratio	2 times
Working Capital	Rs.4,00,000
Capital Block to Current Assets	3:2
Sales Cash/Credit	1:2
Fixed Assets to Turnover	1:3
Creditors Velocity	2 months
Stock Velocity	2 months
Debtors Velocity	3 months
Debenture/Share Capital	1:2
Gross Profit Ratio	25%
Capital Block includes	
Net Profit: 10% of Turnover	
Reserve: 2.5% of Turnover	

3. An incomplete income statement and an incomplete comparative balance sheet of Wales Corporation are presented below:

INCOME STATEMENT FOR THE YEAR ENDED 31.12.2022	
	Rs.
Net Sales	1,10,00,000
Cost of Goods Sold	?
Gross Profit	?
Operating Expenses	16,65,000
Income From Operations	?
Interest Expense	?
Profit Before Income Taxes	?
Income Tax	5,60,000
Net Profit after tax	?

Balance Sheets Information as on December 31		
Assets	2022	2021
	Rs.	Rs.
Current Assets		
Cash	4,50,000	3,75,000
Accounts Receivable	?	9,50,000
Inventory	?	17,20,000
Total Current Assets	?	30,45,000
Plant, Property & Equipment	46,20,000	39,55,000
Total	?	70,00,000

Equity & Liabilities	2022	2021
	Rs.	Rs.
Current Liabilities	?	8,25,000
Long Term Notes Payable	?	28,00,000
Total Liabilities	?	36,25,000
Equity Share Capital	30,00,000	30,00,000
Surplus	4,00,000	3,75,000
Shareholders' Funds	34,00,000	33,75,000
Total	?	70,00,000

Additional Information:

1. Accounts receivable turnover ratio for 2022 is 10 times.
2. Net Profit ratio is 14.5%
3. Return on Assets (Net Profit/Total assets) is 22%
4. Current Ratio is 3:1
5. Inventory turnover ratio is 4.8 times.

Compute the missing information and prepare Common Size Balance Sheet.

4. What is Management Accounting? Discuss the nature and scope of Management Accounting.
5. Explain the importance of financial statements and the various tools of financial analysis.

SECTION—C

6. Following were the information of ABC Ltd. as on 31.12.2018 and 31.12.2019:

Liabilities	2018	2019
Equity Share Capital	40,000	49,000
Surplus balance	2,000	14,000
General Reserve	8,000	17,000
10% Debentures	10,000	20,000
Creditors	43,000	40,000
Provision for tax	10,000	15,000
Total	1,13,000	1,55,000

Assets	2018	2019
Goodwill	3,000	4,000
Plant & Machinery	40,000	62,000
Investment	20,000	30,000
Stock	25,000	28,000
Cash & Bank	20,000	30,000
Preliminary Expenses	5,000	-
Discount on Issue of Shares	-	1,000
Total	1,13,000	1,55,000

Additional Information:

- (a) Depreciation on machinery for the year 2019 amounted to Rs.7,000.

- (b) In 2019, the company acquired some assets and liabilities from Z Ltd. for Rs.13,000 and paid the purchase consideration by fully paid equity shares of the company of Rs.9,000 and the balance paid in cash. Assets and Liabilities acquired were: Goodwill – Rs.3,000, Machinery – Rs.8,000, Stock – Rs. 7,000 and Creditors – Rs.5,000.
- (c) Debentures were issued at a discount of 10% during 2019.
- (d) Stock on 31st December 2018 of Rs.25,000 was valued at 20% below cost but stock on 31st December 2019 of Rs.28,000 was correctly valued at cost.
- (e) Interim dividend of Rs.9,000 paid during the year 2019.
- Prepare Funds Flow Statement for the year ended 31.12.2019.

7. The following are the summarized balance sheets of X Ltd. as on 31.03.2022 and 31.03.2023:

Particulars	31.03.2022	31.03.2023
I. EQUITY & LIABILITIES		
Shareholders' Funds		
Share Capital	8,00,000	6,00,000
Reserves & Surplus	2,50,000	1,25,000
Non-Current Liabilities		
9% Debentures	3,00,000	2,00,000
Current Liabilities		
Trade payables	90,000	1,15,000
Provision for Doubtful Debts	3,000	6,000
TOTAL A	14,43,000	10,46,000

II. ASSETS		
Non-Current Assets		
Plant & Machinery at Cost	6,45,000	4,00,000
Less: Provision for depreciation	(35,000)	(30,000)
Land & Building	4,00,000	3,00,000
Less: Provision for depreciation	(24,000)	(20,000)
Preliminary Expenses	6,000	7,000
Current Assets		
Inventories	3,50,000	3,00,000
Trade Receivables	61,000	69,000
Bank	40,000	20,000
TOTAL B	14,43,000	10,46,000

Additional Information:

- (a) During the year a part of machinery costing Rs.70,000 (accumulated depreciation thereon Rs.2,000) was sold for Rs. 6,000.
- (b) Dividends of Rs.50,000 were paid during the year.

Prepare Cash Flow Statement from the above data.

8. What is Responsibility Accounting? Describe its concepts and the steps involved in its implementation.
9. What is Price Level Accounting? Explain various methods of Price Level Accounting.