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VI Semester B.Com. Examination, May/June 2014  
(Fresh) (Semester Scheme) (2013-14 Only)  
COMMERCE  
Paper – 6.3 : Management Accounting

Time : 3 Hours

Max. Marks : 100

**Instruction :** Answers should be **completely** either in **English** or in **Kannada**.

SECTION – A

Answer **any eight** sub questions. **Each** sub question carries **two** marks. (8×2=16)

1. a) Give the meaning of Management Accounting.
- b) What is Cash Flow Statement ?
- c) Give the meaning of Fund Flow Statement.
- d) What is a Comparative Statement ?
- e) State any two differences between Financial Accounting and Management Accounting.
- f) What is Trend Analysis ?
- g) Give the meaning of working capital.
- h) Mention two objectives of Management Reporting.
- i) State any four components of Current Assets.
- j) Gross profit of a firm is 25%, Gross profit is 1,00,000. Calculate cost of goods sold.





## SECTION – B

Answer **any three** of the following. **Each** question carries **eight** marks. **(3×8=24)**

2. The profits of a company are declining year by year. As a Management Accountant of the company, draft a brief report to the management explaining the reasons for declining profits.
3. Prepare a Comparative Income Statement from the following.

Particulars	As on 31-3-2012	As on 31-3-2013
	Rs.	Rs.
Sales	21,50,000	25,00,000
Cost of Goods sold	13,00,000	14,50,000
<b>Operating Expenses :</b>		
Administrative Expenses	2,10,000	1,80,000
Selling Expenses	1,90,000	2,50,000
<b>Non-operating Expenses</b>		
Interest	1,40,000	1,20,000
Income Tax	1,70,000	2,30,000

4. The following information is given relating to Venu Company for the year ending 31-3-2013.

Stock turnover ratio = 6 times

Gross profit ratio = 20% on sales

Sales = Rs. 3,00,000

Closing stock is Rs. 15,000 more than the opening stock.



Opening creditors	Rs. 30,000
Closing creditors	Rs. 45,000
Net working capital	Rs. 75,000

**Findout :**

- a) Average stock
- b) Average payment period
- c) Purchases
- d) Working capital turnover ratio.

5. The summarised Balance Sheets of Suma Textile Mills Ltd. as on 31-12-2010 and 31-12-2011 are as follows.

<b>Liabilities</b>	<b>2010</b>	<b>2011</b>	<b>Assets</b>	<b>2010</b>	<b>2011</b>
	<b>Rs.</b>	<b>Rs.</b>		<b>Rs.</b>	<b>Rs.</b>
Share capital	6,00,000	8,00,000	Land and		
General Reserve	2,00,000	3,00,000	Buildings	8,00,000	9,00,000
Profit and Loss A/c	50,000	60,000	Plant	3,00,000	2,00,000
Long term Bank Loan	2,00,000	50,000	Stock	1,70,000	3,00,000
Sundry creditors	2,00,000	1,80,000	Cash at Bank	30,000	20,000
Tax Reserve	50,000	30,000			
	<b>13,00,000</b>	<b>14,20,000</b>		<b>13,00,000</b>	<b>14,20,000</b>

Prepare Fund Flow Statement and a statement showing changes in working capital.



6. From the following you are required to find out cash generated from operations under indirect method.

Particulars	2011	2012
	Rs.	Rs.
Stock	60,000	50,000
Debtors	1,00,000	95,000
B/R	20,000	25,000
Creditors	40,000	50,000
B/P	20,000	15,000
O/S Expenses	1,000	1,500
Income received in advance	2,000	1,500

- 1) Depreciation for the year was Rs. 20,000
- 2) Interim dividend paid Rs. 60,000
- 3) The balance of profits at the beginning of the year 1,10,000 and at the end of the year it was 3,60,000.

### SECTION – C

Answer **any four** of the following. **Each** question carries **15** marks. **(4×15=60)**

7. From the following Balance Sheets of Suresh Company Ltd. and Girish Ltd. as on 31-3-2012, you are required to prepare common size Balance Sheet and comment.

Liabilities	Suresh	Girish	Assets	Suresh	Girish
	Rs.	Rs.		Rs.	Rs.
Equity share capital	3,25,000	1,80,000	Land and Buildings	4,50,000	2,20,000
			Machinery	3,50,000	2,50,000



Preference			Investments	50,000	30,000
share capital	1,50,000	1,00,000	Debtors	1,70,000	1,40,000
Reserves and			Cash and Bank	55,000	20,000
Surplus	1,25,000	1,20,000	Prepaid Exps.	30,000	14,000
Long term loans	4,50,000	2,50,000			
Bills payable	30,000	15,000			
O/S Expenses	5,000	2,000			
Creditors	20,000	7,000			
	<b>11,05,000</b>	<b>6,74,000</b>		<b>11,05,000</b>	<b>6,74,000</b>

8. State with reasons whether the following transactions result in the increase or decrease of working capital or do not affect the working capital.

- 1) A company issued 5000 shares of Rs. 10 each at par.
- 2) Debentures of Rs. 1,00,000 are converted into equity shares.
- 3) Long term investments were sold for Rs. 5,00,000.
- 4) Fixed assets purchased by issue of shares for Rs. 1,00,000.
- 5) Cash paid to creditors Rs. 50,000.
- 6) Preliminary Expenses written off Rs. 10,000.
- 7) Advance income tax paid Rs. 75,000.
- 8) Bad debts written off during last year recovered 1000 during this year.
- 9) B/R of Rs. 40,000 was discounted for Rs. 38,000.
- 10) Dividend paid Rs. 50,000.



9. The summarised Balance Sheet of Murthy Traders Ltd. for the year ended 31-3-2013 is given below :

<b>Liabilities</b>	<b>Amount</b>	<b>Assets</b>	<b>Amount</b>
	<b>Rs.</b>		<b>Rs.</b>
Equity Share Capital	70,000	Fixed Assets at cost	1,05,000
Reserves and Surplus	35,000	<b>Current Assets :</b>	
Profit and Loss A/c	10,000	Stock	12,500
Provision for tax	5,000	Debtors	15,000
Sundry Creditors	20,000	Cash	7,500
	<b>1,40,000</b>		<b>35,000</b>
			<b>1,40,000</b>

The following further particulars are also given for the year.

Sales 60,000

Net Profit After Tax (PAT) = 10,000

Calculate the following :

- 1) Current Ratio
- 2) Liquid Ratio
- 3) NP Ratio
- 4) Proprietary Ratio
- 5) Debtors Turnover Ratio
- 6) Stock Turnover Ratio
- 7) Average collection period
- 8) Return on equity.



10. The following is the Balance Sheet for the year ending 31-3-2012 and 31-3-2013.

<b>Liabilities</b>	<b>31-3-12</b>	<b>31-3-13</b>	<b>Assets</b>	<b>31-3-12</b>	<b>31-3-13</b>
Share Capital	5,85,000	5,85,000	Fixed Assets	5,20,000	4,16,000
General Reserve	3,90,000	4,03,000	Long term Investment	65,000	78,000
Profit and Loss a/c	72,800	88,400	Stock	3,12,000	2,73,000
Creditors	2,18,400	1,74,200	Debtors	2,73,000	5,91,500
Provision for tax	97,500	13,000	Bank	1,93,700	2,56,100
Mortgage loan	—	3,51,000			
	<b>13,63,700</b>	<b>16,14,600</b>		<b>13,63,700</b>	<b>16,14,600</b>

**Additional information :**

- 1) Provision for tax during the year 1,10,000
- 2) Interim dividend paid 52,000
- 3) During the year fixed assets costing 13,000, were sold for Rs. 15,000
- 4) Investments costing 10,000 were sold during the year for Rs. 13,000.

You are required to prepare a statement of working capital changes and fund flow statement.

11. Following are the Summarised Balance Sheets of a Company as on 31-3-2012 and 31-3-2013.

<b>Liabilities</b>	<b>2012</b>	<b>2013</b>	<b>Assets</b>	<b>2012</b>	<b>2013</b>
	<b>Rs.</b>	<b>Rs.</b>		<b>Rs.</b>	<b>Rs.</b>
Share Capital	20,000	25,000	Land and Building	20,000	19,000
General Reserve	5,000	6,000	Machinery	15,000	16,900
Profit and Loss A/c	3,050	3,060	Debtors	8,000	6,420
Long term loan	7,000	—	Stock	10,000	7,400



Sundry Creditors	15,000	13,520	Cash	50	860
Provision for tax	3,000	3,500	Goodwill	–	500
	<b>53,050</b>	<b>51,080</b>		<b>53,050</b>	<b>51,080</b>

**Additional information :**

- a) Dividend of Rs. 2,300 was paid.
- b) Assets of another company purchased were machinery Rs. 2,500, stock Rs. 2,000, Goodwill Rs. 500.
- c) Machinery was further purchased for cash Rs. 800.
- d) Depreciation written off machinery Rs. 1,200.
- e) Income tax provided during the year Rs. 3,300.
- f) Loss on sale of machinery Rs. 500 was written off.

You are required to prepare the cash flow statement as per indirect method. (AS3)