



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

Time : 3 Hours

Max. Marks : 90

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

SECTION – A

1. Answer **any ten** sub-questions. **Each** sub-question carries **two** marks. **(10×2=20)**

- a) State any four functions of Management Accounting.
- b) Who is a Management Accountant ?
- c) What is meant by Comparative Income Statement ?
- d) What is meant by Trend Analysis ?
- e) Give the meaning of Ratio Analysis.
- f) Give the meaning of Window Dressing.
- g) Give the meaning of Funds Flow.
- h) Give the meaning of Cash Equivalents.
- i) Mention any two objectives of Management Reporting.
- j) If Current Ratio is 2.5, Liquid Ratio is 1.5 and Working Capital is Rs. 50,000 find out Current Assets and Inventory.
- k) If Profit after interest and taxes is Rs. 1,00,000, interest paid is Rs. 10,000 and provision for tax is Rs.15,000. calculate interest coverage ratio.
- l) Gross profit ratio = 20% on sales; Gross profit Rs. 1,00,000; Cash sales Rs. 1,20,000; Average Debtors Rs. 95,000. Calculate Debtors Turnover Ratio.

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SECTION – B

Answer **any five** of the following. **Each** question carries **five** marks.

(5×5=25)

2. Briefly explain any five advantages of management accounting.
3. Briefly explain the various types of analysis.
4. Briefly explain various current assets movement ratios.
5. Briefly explain any five differences between cash flow statement and funds flow statement.
6. From the following data compute trend percentages taking 2006 as base.

| Year | Sales (Rs.) | Closing Stock (Rs.) | Profit Before Tax (Rs.) |
|------|-------------|---------------------|-------------------------|
| 2006 | 2,58,680 | 1,20,580 | 55,750 |
| 2007 | 3,53,460 | 1,25,760 | 63,520 |
| 2008 | 3,68,550 | 1,32,540 | 65,120 |
| 2009 | 4,12,430 | 1,34,780 | 72,460 |
| 2010 | 4,87,560 | 1,45,730 | 87,290 |

7. State with reasons whether the following transactions result in increase/decrease/ no change in working capital.
 - a) Bills receivable Rs. 65,000 discounted for Rs. 63,400
 - b) Fixed assets Rs. 5,70,000 sold
 - c) Short term loans raised Rs. 1,50,000
 - d) Issue of shares Rs. 10,00,000 against fixed assets
 - e) Bills Rs. 60,000 accepted.



8. From the following details, prepare Land and Buildings A/c and explain the treatment of various items in the preparation of Cash Flow Statement.

- Balance in Land and Buildings A/c as at 1-4-2009 Rs. 5,60,000 and as at 31-3-2010 Rs. 8,04,000
- Purchase of Land and Buildings during the year 2009-10 Rs. 3,00,000.
- There was no sale of any land or buildings during the year.

9. From the following details find out Funds from Operation/Funds Lost in Operation.

| Particulars | Rs. |
|--------------------------------------|----------|
| P&L A/c balance as at 1-4-09 | 6,54,450 |
| P&L A/c balance as at 31-3-10 | 7,45,650 |
| Depreciation on Plant and Machinery | 47,740 |
| Profit on Revaluation of Investments | 34,430 |
| Goodwill written off | 25,070 |
| Preliminary Expenses written off | 51,250 |
| Provision for Taxation | 25,520 |
| Proposed Dividend | 52,250 |
| Profit on Sale of Buildings | 65,560 |
| Dividend received | 41,140 |
| Interest on Investments | 9,050 |



SECTION – C

Answer **any three** of the following. **Each** question carries **fifteen** marks. **(3×15=45)**

10. From the following Balance Sheets of RKS Ltd., prepare common size Balance Sheet and comment upon the financial position of the company.

| Liabilities | 31-03-09 (Rs.) | 31-03-10 (Rs.) | Assets | 31-03-09 (Rs.) | 31-03-10 (Rs.) |
|-------------------|-------------------|-------------------|------------------|-------------------|-------------------|
| Equity Share | | | Land & | | |
| Capital | 3,00,000 | 4,50,000 | Buildings | 3,90,000 | 4,05,000 |
| 10% Pref. | | | Plant & | | |
| Share Capital | 1,50,000 | 1,50,000 | Machinery | 1,50,000 | 3,60,000 |
| Reserves & | | | Furniture | 30,000 | 45,000 |
| Surplus | 45,000 | 60,000 | Shares in | | |
| Profit & Loss A/c | 22,500 | 45,000 | Apoorva Ltd., | 37,500 | 75,000 |
| 12% Debentures | 1,50,000 | 3,00,000 | Government Bonds | 22,500 | 30,000 |
| Mortgage Loan | 75,000 | 1,12,500 | Stock | 75,000 | 1,12,500 |
| Bank Overdraft | 15,000 | 30,000 | Debtors | 1,20,000 | 1,76,250 |
| Creditors | 75,000 | 90,000 | Bills Receivable | 30,000 | 60,000 |
| Bills Payable | 7,500 | 9,750 | Cash & Bank | | |
| Outstanding | | | Balance | 7,500 | 15,000 |
| expenses | 3,750 | 5,250 | Prepaid Expenses | 3,750 | 7,500 |
| Provision for | | | Preliminary | | |
| taxation | 22,500 | 30,000 | Expenses | 15,000 | 11,250 |
| Proposed | | | | | |
| dividend | 15,000 | 15,000 | | | |
| | 8,81,250 | 12,97,500 | | 8,81,250 | 12,97,500 |



11. From the following Balance Sheet of BKS Ltd., and additional information, prepare Schedule of Changes in Working Capital and Funds flow Statement.

| Liabilities | 31-03-09 (Rs.) | 31-03-10 (Rs.) | Assets | 31-03-09 (Rs.) | 31-03-10 (Rs.) |
|-----------------|-------------------|-------------------|-------------|-------------------|-------------------|
| Equity Share | | | Land & | | |
| Capital | 12,00,000 | 14,00,000 | Buildings | 9,00,000 | 12,00,000 |
| P&L A/c | 1,50,000 | 2,00,000 | Plant & | | |
| Long-term Debts | 6,00,000 | 8,00,000 | Machinery | 6,60,000 | 8,00,000 |
| Creditors | 9,00,000 | 10,80,000 | Furniture & | | |
| Bank Overdraft | 1,70,000 | 1,90,000 | Fixtures | 1,70,000 | 2,10,000 |
| Outstanding | | | Stock | 7,20,000 | 9,00,000 |
| Expenses | 10,000 | 20,000 | Debtors | 4,20,000 | 3,40,000 |
| | | | Cash & Bank | 1,40,000 | 2,40,000 |
| | | | Preliminary | | |
| | | | expenses | 20,000 | — |
| | 30,30,000 | 36,90,000 | | 30,30,000 | 36,90,000 |

Additional information :

- Land and Buildings purchased during the year Rs. 3,00,000
 - Depreciation written off on Plant and Machinery Rs. 60,000 and on Furniture Rs. 30,000
 - Preliminary expenses written off Rs. 20,000.
12. From the following Balance Sheets of Nischal Ltd., and additional information prepare Cash Flow Statement.

| Liabilities | 31-03-09 (Rs.) | 31-03-10 (Rs.) | Assets | 31-03-09 (Rs.) | 31-03-10 (Rs.) |
|-----------------|-------------------|-------------------|-------------|-------------------|-------------------|
| Equity Share | | | Goodwill | 30,000 | 20,000 |
| Capital | 13,00,000 | 15,00,000 | Land & | | |
| General Reserve | 2,00,000 | 2,50,000 | Buildings | 7,50,000 | 10,00,000 |
| P&L A/c | 1,20,000 | 1,80,000 | Plant & | | |
| Bank Loan | | | Machinery | 6,00,000 | 8,00,000 |
| (Long-term) | 3,00,000 | 2,00,000 | Investments | 1,35,000 | 1,00,000 |



| | | | | | |
|---------------------------|------------------|------------------|-------------------------|------------------|------------------|
| Creditors | 1,00,000 | 1,60,000 | Stock | 3,30,000 | 2,30,000 |
| Bills Payable | 80,000 | 60,000 | Debtors | 2,30,000 | 3,32,000 |
| Provision for taxation | 45,000 | 60,000 | Cash & Bank | 1,50,000 | 88,000 |
| Proposed dividend | 1,00,000 | 1,75,000 | Preliminary Expenses | 20,000 | 15,000 |
| | 22,45,000 | 25,85,000 | | 22,45,000 | 25,85,000 |

Additional information :

- Depreciation written off during the year ending 31-03-2010 on Plant and Machinery Rs. 1,20,000
- Equity Shares were issued against the acquisition of assets of another company. The assets consisted of Land and Buildings worth Rs. 1,50,000 and Stock worth Rs. 50,000. No depreciation has been provided on Land and Buildings during the year.
- A dividend of Rs. 13,500 was received during the year.
- Provision for taxation and proposed dividend shall be treated as non-current liabilities.

13. Following is the Balance Sheet of Nishanth Ltd., as at 31st March, 2010.

| Liabilities | Rs. | Assets | Rs. |
|-----------------------------|------------------|-------------------|------------------|
| Equity Share Capital | 5,00,000 | Land & Buildings | 9,00,000 |
| 8% Preference Share Capital | 4,00,000 | Plant & Machinery | 8,00,000 |
| Reserves and Surplus | 4,00,000 | Closing Stock | 3,00,000 |
| 9% Debentures | 6,00,000 | Debtors | 2,00,000 |
| Current Liabilities | 4,00,000 | Bank & Cash | 90,000 |
| | | Prepaid Expenses | 10,000 |
| | 23,00,000 | | 23,00,000 |



Additional information :

Sales during the year Rs. 8,00,000; Cost of Goods Sold Rs. 6,00,000; Office and Administrative Expenses Rs. 1,12,000; Commission and Discount earned Rs. 12,000; Loss on sale of machinery Rs. 34,000; Profit on sale of building Rs. 54,000.

You are required to calculate Current Ratio, Liquid Ratio, Stock Turnover Ratio, Gross Profit Ratio, Operating Cost Ratio, Net Profit Ratio, Debt-Equity Ratio, Solvency Ratio, Proprietary Ratio and Fixed Assets to Net Worth Ratio.

14. From the following data prepare Comparative Income Statement and submit a report to the General Manager, NSK Ltd., on your findings and suggestions.

| Year | Net Sales (Rs.) | Cost of Goods Sold (Rs.) | Operating Expenses (Rs.) | Non Operating Expenses (Rs.) | Non Operating Income (Rs.) | Taxes (Rs.) |
|------|--------------------|-----------------------------|--------------------------------|------------------------------------|-------------------------------------|----------------|
| 2009 | 1,85,400 | 78,560 | 36,450 | 12,500 | 24,000 | 12,400 |
| 2010 | 1,94,840 | 82,640 | 38,210 | 13,800 | 32,000 | 16,500 |