



37621

**VI Semester B.Com. Degree Examination,  
September/October 2020**

**COMMERCE**

**Paper 6.3 – Management Accounting**

**(CBCS – New)**

Time : 3 Hours

Max. Marks : 70

**Instructions :** Attempt **all** the questions according to Internal Choice.

**SECTION – A**

- I. Answer **any five** of the following questions : **(5 × 2 = 10)**
1. Give the meaning of Management Accounting.
  2. What is Comparative Statement?
  3. What is EPS?
  4. Mention the mode of Expression of Ratios.
  5. What are the rules for preparing the Schedule of changes in working capital?
  6. What do you mean by Cash Flow Statement?
  7. How do you ascertain the Gross Profit Ratio?

**SECTION – B**

- I. Answer **any three** of the following questions : **(3 × 5 = 15)**
- Give the differences between Management Accounting and Financial Accounting.

Give the differences between Cash Flow Statement and Fund Flow Statement.



10. From the following information rearrange the figures in a Comparative form (Comparative Income Statement).

Particulars	31.12.2017	31.12.2018
Net Sales	3,92,500	4,50,000
Cost of Sales	2,25,000	2,50,000
General and Administrative expenses	35,000	36,000
Selling expenses	40,000	45,000
Interest paid	12,500	15,000
Income Tax	35,000	40,000

11. Calculate :

(a) Creditors Turnover Ratio

(b) Average Payment Period

Bills payable on 1.1.2018	52,000
Bills payable on 31.12.2018	40,000
Creditors on 1.1.2018	80,000
Creditors on 31.12.2018	1,20,000
Total purchases	8,00,000
Cash purchases	60,000
Purchase returns	10,000

12. Calculate funds from business operations.

Net profit on 1.1.2018	2,00,000
Depreciation on plant	30,000
Goodwill written off	20,000
Proposed Dividend	30,000
Provision for taxation	16,000
Dividend Received	20,000
Profit on Sale of Furniture	16,000
Net profit on 31.12.2018	2,80,000

## SECTION - C

- III. Answer **any three** of the following questions : (3 × 15 = 45)
13. Explain the role of Management Accounting.
14. Convert the following statement of Assets and Liabilities in to Common Size Statements of Assets and Liabilities and make brief comments.

## Statement of Assets and Liabilities

Particulars	Note	2017		2018	
		Amount	Total	Amount	Total
<b>I. Equity and Liabilities</b>					
<b>1. Shareholders Funds :</b>					
Share capital	1	2,50,000		3,25,000	
Reserves and Surplus	2	<u>37,750</u>	2,87,750	<u>82,500</u>	4,07,500
<b>2. Non-current Liabilities :</b>					
Long term borrowings	3		1,70,000		1,00,000
<b>3. Current Liabilities :</b>					
Trade payables	4	80,000		33,500	
Short term provisions	5	<u>2,250</u>	82,250	<u>1,500</u>	35,000
Total			<u>5,40,000</u>		<u>5,42,500</u>
<b>II. Assets</b>					
<b>1. Non-current Assets</b>					
<b>(a) Fixed Assets :</b>					
(i) Tangible Assets	6	3,15,000		3,35,000	
(ii) Intangible Assets	7	35,000		27,500	
(b) Non-current Investments	8	<u>1,20,000</u>	4,70,000	<u>1,32,500</u>	4,95,000
<b>2. Current Assets :</b>					
Inventories	9	30,000		20,000	
Trade Receivable	10	20,000		12,500	
Cash and Cash equivalent	11	<u>20,000</u>	70,000	<u>15,000</u>	47,500
Total			<u>5,40,000</u>		<u>5,42,500</u>

## Notes to Accounts

Note 1 Share capital :

	2017	2018
Equity share capital	<u>2,50,000</u>	<u>3,25,000</u>
Total	<u>2,50,000</u>	<u>3,25,000</u>



	Notes to Accounts	2017	2018
Note 2	Reserves and Surplus :		
	Profit and Loss	37,750	82,500
	Total	<u>37,750</u>	<u>82,500</u>
3	Long term borrowings :		
	6% Debentures	1,70,000	1,00,000
	Total	<u>1,70,000</u>	<u>1,00,000</u>
4	Trade payable :		
	Creditors	80,000	33,500
	Total	<u>80,000</u>	<u>33,500</u>
5	Short term provisions :		
	Provision for taxation	2,250	1,500
	Total	<u>2,250</u>	<u>1,500</u>
6	Tangible Assets :		
	Machinery	1,40,000	1,60,000
	Building	1,75,000	1,75,000
	Total	<u>3,15,000</u>	<u>3,35,000</u>
7	Intangible Assets :		
	Goodwill	35,000	27,500
	Total	<u>35,000</u>	<u>27,500</u>
8	Non-current Investment :		
	Investments	1,20,000	1,32,500
	Total	<u>1,20,000</u>	<u>1,32,500</u>
9	Inventories :		
	Stock	30,000	20,000
	Total	<u>30,000</u>	<u>20,000</u>
10	Trade Receivable :		
	Bills Receivable	20,000	12,500
	Total	<u>20,000</u>	<u>12,500</u>
11	Cash and cash equivalent :		
	Cash at Bank	20,000	15,000
	Total	<u>20,000</u>	<u>15,000</u>



15. Following is the Balance Sheet of Shiva Ltd as on 31.12.2018.

Particulars	Note	Amount	Total
<b>I. Equity and Liabilities</b>			
1. Shareholders Funds :			
(a) Share capital	1	15,00,000	
(b) Reserves and Surplus	2	<u>5,00,000</u>	20,00,000
2. Non-current Liabilities :			
Long term borrowings	3		5,00,000
3. Current Liabilities :			
Short term borrowings	4	20,000	
Trade payable	5	2,04,000	
Short term provisions	6	<u>1,76,000</u>	<u>4,00,000</u>
Total			<u>29,00,000</u>
<b>II. Assets</b>			
1. Non-current Assets :			
Tangible Assets	7	14,00,000	
Intangible Assets	8	<u>5,00,000</u>	19,00,000
2. Current Assets :			
Current Investments	9	20,000	
Inventories	10	6,00,000	
Trade Receivables	11	1,80,000	
Cash and Cash Equivalent	12	<u>2,00,000</u>	<u>10,00,000</u>
Total			<u>29,00,000</u>

#### Notes to Accounts

Note 1	Share capital :	
	Equity share capital	10,00,000
	Preference share capital	<u>5,00,000</u>
	Total	<u>15,00,000</u>
2	Reserves and Surplus :	
	Profit and Loss Account	4,00,000
	General Reserve	<u>1,00,000</u>
	Total	<u>5,00,000</u>
3	Long term borrowings :	
	12% Debentures	<u>5,00,000</u>
	Total	<u>5,00,000</u>



## Notes to Accounts

4	Short term borrowings :	
	Bank overdraft	20,000
	Total	<u>20,000</u>
5	Trade Payable :	
	Creditors	80,000
	Bills payable	1,24,000
	Total	<u>2,04,000</u>
6	Short term provisions :	
	Provision for tax	1,76,000
	Total	<u>1,76,000</u>
7	Tangible Assets :	
	Plant and Machinery	6,00,000
	Land and Buildings	7,00,000
	Furniture and Fixtures	1,00,000
	Total	<u>14,00,000</u>
8	Intangible Assets :	
	Goodwill	5,00,000
	Total	<u>5,00,000</u>
9	Current Investments :	
	Marketable Security	20,000
	Total	<u>20,000</u>
10	Inventories :	
	Stock	6,00,000
	Total	<u>6,00,000</u>
11	Trade Receivable :	
	Debtors	1,50,000
	B/R	30,000
	Total	<u>1,80,000</u>
12	Cash and cash equivalent :	
	Cash at Bank	2,00,000
	Total	<u>2,00,000</u>

From the above information you are required to calculate :

- (a) Current Ratio
- (b) Quick Ratio



- (c) Proprietary Ratio
- (d) Inventory Working Capital Ratio
- (e) Current Assets to Fixed Assets Ratio
- (f) Capital Gearing Ratio
- (g) Fixed Assets Ratio
- (h) Debit Equity Ratio

16. Following are the statement of Assets and Liabilities of a Company as on 31.12.2017 and 31.12.2018.

Statement of Assets and Liabilities

Particulars	Note	2017		2018	
		Amount	Total	Amount	Total
<b>I. Equity and Liabilities</b>					
1. Shareholders Fund :					
(a) Share capital	1	2,78,000		2,90,000	
(b) Reserves and Surplus	2	<u>43,600</u>	3,21,600	<u>48,240</u>	3,38,240
2. Non-current Liabilities :					
Long term borrowings	3		48,000		24,000
3. Current Liabilities :					
Trade payables	4		<u>40,000</u>		<u>47,360</u>
Total			<u>4,09,600</u>		<u>4,09,600</u>
<b>II. Assets</b>					
1. Non-current Assets :					
Tangible Assets	5	80,000		1,20,000	
Intangible Assets	6	<u>40,000</u>	1,20,000	<u>20,000</u>	1,40,000
2. Current Assets :					
(a) Inventories	7	1,96,800		1,70,800	
(b) Trade Debtors	8	56,800		67,600	
(c) Cash and Cash equivalent	9	<u>36,000</u>	<u>2,89,600</u>	<u>31,200</u>	<u>2,69,600</u>
Total			<u>4,09,600</u>		<u>4,09,600</u>



Notes to Accounts	2017	2018
1 Share capital :		
Equity shares of Rs. 10 each	2,78,000	2,90,000
Total	<u>2,78,000</u>	<u>2,90,000</u>
2 Reserves and Surplus :		
Share premium	2,000	6,000
Profit and Loss	41,600	42,240
Total	<u>43,600</u>	<u>48,240</u>
3 Long term borrowings :		
Debentures	48,000	24,000
Total	<u>48,000</u>	<u>24,000</u>
4 Trade payables :		
Tr. Creditors	40,000	47,360
Total	<u>40,000</u>	<u>47,360</u>
5 Tangible Assets :		
Land	80,000	1,20,000
Total	<u>80,000</u>	<u>1,20,000</u>
6 Intangible Assets :		
Goodwill	40,000	20,000
Total	<u>40,000</u>	<u>20,000</u>
7 Inventories :		
Stock	1,96,800	1,70,800
Total	<u>1,96,800</u>	<u>1,70,800</u>
8 Trade Receivable :		
Debtors	59,600	70,800
Less : P.D.D.	2,800	3,200
Total	<u>56,800</u>	<u>67,600</u>
9 Cash and Cash Equivalent		
Cash in hand	36,000	31,200
Total	<u>36,000</u>	<u>31,200</u>

Additional information :

- Debenture Loan was repaid Rs. 24,000
- Dividend paid were Rs. 14,000
- Land was purchased for Rs. 40,000 and the amount pro  
amortisation of Goodwill Rs. 20,000.

You are required to prepare Fund Flow Statement.



17. Following is the Profit and Loss Account of ABC Ltd.

Particulars	Note	Amount	Total
<b>I. Continuing Operations</b>			
1. Revenue from Operations	1		5,00,000
2. Other Income	2		6,000
Total Revenue			<u>5,06,000</u>
<b>3. Expenses</b>			
Cost of material consumed	3	2,93,000	
Employees benefit cost	4	5,000	
Finance Cost	5	7,000	
Other Expenses	6	<u>1,17,000</u>	<u>4,22,000</u>
Profit			<u>84,000</u>

#### Notes to Accounts

Note 1 Revenue from operations :

Sales	5,00,000
	<u>5,00,000</u>
2 Other Incomes :	
Interest on Securities	1,500
Dividend on Shares	3,750
Profit on Sale of Shares	750
	<u>6,000</u>
3 Cost of materials consumed :	
Opening stock of materials	76,250
Add : Purchase of materials	<u>3,15,250</u>
	3,91,500
Less : Closing stock of materials	<u>98,500</u>
Total Cost of materials consumed	<u>2,93,000</u>
4 Employees benefit Cost :	
Wages	5,000
	<u>5,000</u>
5 Finance Cost :	
Financial Expenses	7,000
	<u>7,000</u>

## Notes to Accounts

## Note 6 Other Expenses :

Carriage	2,000
Administrative Expenses	1,01,000
Selling and Distribution Expenses	12,000
Loss on Sale of Fixed Assets	350
Provision for legal suit	1,650
Total	<u>1,17,000</u>

You are required to calculate :

- (a) Gross Profit Ratio
- (b) Net Profit Ratio
- (c) Operating Profit Ratio
- (d) Operating Cost Ratio
- (e) Administrative Expenses Ratio
- (f) Financial Expenses Ratio
- (g) Selling and Distribution Expenses Ratio
- (h) Non Operating Expenses Ratio
- (i) Non Operating Income Ratio
- (j) Stock Turnover Ratio

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