Reg. No. | | | | | | | | | | | |

BCMCMCN 603

VI Semester B.Com. Degree Examination, June/July 2025
(NEP 2020) (2023-24 Batch Onwards)
MANAGEMENT ACCOUNTING

Time : 2 Hours

Max. Marks : 60

SECTION – A

Answer **any five** of the following questions. **(5×2=10)**

1. Mention any two significance or importance of Management accounting.
2. What is common size Balance Sheet ?
3. Calculate current assets and current liabilities when current ratio is 3 : 1 and Working Capital is Rs. 50,000.
4. What is cash flow statement ?
5. What is Management Audit ?
6. Classify the following into Cash inflow and Cash outflow.
   a) Cash purchases
   b) Cash sales
   c) Redemption of preference shares
   d) Dividend paid.
7. How does acid test ratio differs from current ratio ?
8. Prepare a common size statement of Profit and Loss of Mr. Reddy Co. Ltd. Sales – Rs. 3,000, Cost of goods sold Rs. 850, Administrative Expenses Rs. 225, Selling Expenses Rs. 175.

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SECTION – B

Answer **any four** of the following questions. **(4×5=20)**

9. When current asset ratio is 2.5 and current assets Rs. 1,00,000 and quick ratio is 1.5. Find out the value of stock and current liabilities.

10. Dr. Reddy Co. Ltd. had profits of Rs. 3,60,000 for the years ended on 31-3-2024 after adjusting the followings :

    a) Depreciation on Machinery Rs. 30,000

    b) Goodwill written off Rs. 10,000

    c) Loss on sale of building Rs. 5,000.

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Details of Current assets and current liabilities

Particulars	**31-3-2022**	**31-3-2023**
	(Rs.)	**(Rs.)**
Stock	1,40,000	1,70,000
Cash	1,30,000	1,00,000
Debtor	1,10,000	90,000
Creditors	90,000	1,00,000
O/S Rent	10,000	5,000
Bills Receivable	80,000	70,000
Bills Payable	90,000	1,10,000

From the above, calculate cash flows from operating activities using AS.7.

11. Prepare common size statement of profit and loss of Ram Ltd., from the following and interpret the same.

Particulars	31-3-2021 (Rs.)	31-3-2022 (Rs.)
Revenue from operation	12,50,000	10,00,000
Other Income	2,00,000	2,00,000
Cost of materials consumed	8,50,000	7,00,000
Finance cost	1,00,000	85,000
Other expenses	55,000	65,000
Income tax (35%).		

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12. **Balance Sheet**

Liabilities	Rs.	Assets	Rs.
Equity share capital	7,00,000	Land and Building	5,00,000
Preference share capital	3,00,000	Machinery	3,00,000
General reserve	1,50,000	Furniture	2,50,000
Secured loan	3,50,000	Investment	50,000
Sundry creditors	1,50,000	Inventory	2,25,000
Bills payable	50,000	Sundry debtors	3,25,000
		Cash and Banks	50,000
	17,00,000		**17,00,000**

Calculate following :

A) Current ratio

B) Liquid ratio

C) Debt equity ratio

D) Absolute liquid ratio.

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13. From the following Profit and Loss A/c for the year ended 31-12-2022 and 31-12-2023, prepare comparative income statement.

Profit and Loss A/c

Particulars	2022 (Rs.)	2023 (Rs.)	Particulars	2022 (Rs.)	2023 (Rs.)
To Cost of goods sold	72,000	78,000	By Sales	1,00,000	1,30,000
To Depreciation	5,000	6,000	By Dividend	20,000	10,000
To Selling expenses	8,000	12,000	By Interest on Investment	10,000	–
To Interest on debt	15,000	14,000			
To Provision for tax	15,000	15,000			
To Net profit	15,000	15,000			
	1,30,000	**1,40,000**		**1,30,000**	**1,40,000**

14. What are the steps involved in management audit ? Explain.

SECTION – C

Answer **any two** of the following questions. **(2×15=30)**

15. Following is the Balance Sheet of Akash Ltd. 31-3-2024.

Liabilities	**Rs.**	**Assets**	**Rs.**
Equity share capital	3,00,000	Land and building	2,00,000
General reserve	1,75,000	Plant and machinery	1,00,000
Dividend equalising reserve	25,000	Furniture	1,37,000
Debentures	80,000	Investments	1,25,000
Long term loan	20,000	Stock	1,50,000
Creditors	10,000	Bills receivable	68,000
Bills payable	1,65,000	Cash in hand	60,000
P and L A/c previous year	5,000	Preliminary expenses	40,000
P and L A/c current year	1,00,000		
	8,80,000		**8,80,000**

Calculate :

1) Current ratio
2) Liquid ratio
3) Net working capital
4) Fixed assets to net-worth ratio
5) Debt equity ratio
6) Return on capital employed ratio
7) Proprietary ratio
8) Return on equity ratio.

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16. From the Balance Sheets of M. G. Ltd., prepare common size Balance Sheet. Comment upon the financial position of the company.

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Balance Sheet

Liabilities	2022 (Rs.)	2023 (Rs.)	Assets	2022 (Rs.)	2023 (Rs.)
Equity share capital	3,00,000	4,50,000	Land and building	3,90,000	4,05,000
10% Preference share capital	1,50,000	1,50,000	Plant and machinery	1,50,000	3,60,000
Reserve and surplus	45,000	60,000	Furniture	30,000	45,000
Profit and Loss A/c	22,500	45,000	Shares in 'A' Ltd.	37,500	75,000
12% Debentures	1,50,000	3,00,000	Govt. 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 and bank	7,500	15,000
Outstanding expenses	3,750	5,250	Prepaid expenses	3,750	7,500
Provision for tax	22,500	30,000	Preliminary expenses	15,000	11,250
Proposed dividend	15,000	15,000			
	8,81,250	**12,97,500**		**8,81,250**	**12,97,500**

17. Summarised Balance Sheet of XYZ Ltd. are given below :

Balance Sheet as on 31st March

Liabilities	2021 (Rs.)	2022 (Rs.)	Assets	2021 (Rs.)	2022 (Rs.)
Equity share capital	10,00,000	12,50,000	Goodwill	–	25,000
Profit and Loss A/c	1,52,500	1,53,000	Building	10,00,000	9,50,000
General reserve	2,50,000	3,00,000	Machinery	7,50,000	8,45,000
Long term loans	3,50,000	6,76,000	Stock	5,00,000	3,70,000
Creditors	7,50,000	–	Debtors	4,00,000	3,21,000
Provision for tax	1,50,000	1,75,000	Bank	–	40,000
			Cash	2,500	3,000
	26,52,500	**25,54,000**		**26,52,500**	**25,54,000**

Additional information :

A) Dividend paid Rs. 1,15,000.

B) Depreciation written off : Machinery Rs. 70,000, Building Rs. 50,000.

C) Provision for tax made during the year ended 2021-22 Rs. 1,65,000.

Prepare Cash Flow Statement for the year ended 31st March 2022.

18. What do you understand by Management Accounting ? What are the differences between Management Accounting and Financial Accounting ?

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