

Reg. No

Name

M. COM DEGREE END SEMESTER EXAMINATION - OCTOBER 2019**SEMESTER 3 : COMMERCE****COURSE : 16P3COMT11 ; MANAGEMENT ACCOUNTING***(For Regular - 2018 Admission and Supplementary - 2016/2017 Admissions)*

Time : Three Hours

Max. Marks: 75

Section A**Answer any 10 (2 marks each)**

1. What are financial statements?
2. What is Management Accounting?
3. Who is a comptroller?
4. Annual Credit Sales = Rs. 25,000
Returns = 1,000
Debtors = 3,000
Bills Receivables = 1,000
Find out Debtors Turnover Ratio
5. What is Trend Analysis?
6. What is GPS?
7. Give any two managerial uses of fund flow statement.
8. Distinguish between Fund Flow Statement and Income Statement
9. What is backlog depreciation?
10. What is Gearing Adjustment?
11. What do you mean by cash flow statement?
12. What is the purpose of reports?

(2 x 10 = 20)

Section B**Answer any 5 (5 marks each)**

13. The income statements of a concern are given for the year ending on 31st Dec. 2015 and 2016. Re-arrange the figures in a comparative form and study the profitability position of the concern:

	2015(Rs'000)	2016 (Rs '000)
Net Sales	785	900
Cost of goods sold	450	500
Operating Expenses:		
General and administrative expenses	70	72
Selling Expenses	80	90
Non-operating Expenses:		
Interest Paid	25	30
Income-tax	70	80

14. Following is the Profit and Loss Account to Electro Matrix Ltd. for the year ended 31st December 2016:

To Opening Stock	1,00,000	By Sales	5,60,000
To Purchases	3,50,000	By Closing Stock	1,00,000
To Wages	9,000		
To Gross Profit	2,01,000		
	6,60,000		6,60,000
To Administrative Expenses	20,000	By Gross Profit b/d	2,01,000
To Selling and Distribution Expenses	89,000	By Interest on Investment (outside business)	10,000
To Non-operating expenses	30,000	By Profit on sale of Investments	8,000
To Net Profit	80,000		
	2,19,000		2,19,000

You are required to calculate:

1. Gross Profit Ratio
 2. Net Profit Ratio
 3. Operating Ratio
 4. Operating Profit Ratio
 5. Administrative Expenses Ratio
15. Which accounting ratios will be useful for indicating the following symptoms
- a. Liquidity Crisis
 - b. Inability to pay interest
 - c. High market price of shares in relation to earnings
 - d. Efficiency of utilisation of working Capital in general satisfaction

16. A statement of retained earnings of X Co. Ltd., is given below:

Balance of retained earning, 1st January 2018	3,25,000
Add: Net Profit after taxes	6,48,480
Tax refund	25,470
	9,99,550
Less: Loss on sale of Plant and Machinery	14,460
Good will written off	95,370
Dividends Paid	4,70,350
	5,80,180
Balance of retained earnings, 31st December 2018	4,19,370

Additional Information:

1. Plant and Machinery having a written down value of Rs. 54,360 was sold in October 2018.
2. Depreciation of Rs. 68,250 has been deducted while arriving at net profit for the year.
3. Plant and Machinery was purchased during the year at a cost of Rs. 1,60,000 but the payment was made in the form of 8% Debentures of Rs. 100 each for the same.
4. Rs. 72,800 debentures have been redeemed during 2018.

You are required to prepare a statement of Sources and Application of Funds for the year ended 31st Dec.2018.

17. What do you mean by inflation accounting? Enumerate its advantages and disadvantages.

18. Compute the Net Monetary result of Apex Ltd As on 31/12/2007 from the data given below

PARTICULARS	1/1/2007	31/12/2007
Cash	20000	25000
Debtors	50000	60000
Creditors	70000	80000
Loan	30000	30000

Retail price index number:

January 1 2007	200
Average for the year	210
December 31 2007	230

19. Define a Cash Flow Statement. Distinguish between 'Fund Flow' and 'Cash Flow'.

20. Mediam Co Ltd made a profit of 50,000 after considering the following items

Depreciation on fixed Assests	10,000	
Writing off preliminary expenses	5000	
Loss on sale of furniture		500
Provision for Taxation	80,000	
Transfer to General Reserve	7000	
Profit on sale of machinery	3000	

Following additional information is given

Particulars	March 31 st 2014	March 31 st 2015
Debtor	120000	15000
Creditor	10000	15000
Bill Receivable	10000	8500
Bill payable	8000	6000
Outstanding Expenses	5000	4000
Prepaid Expenses	200	300

Calculate Cash from operations?

(5 x 5 = 25)

Section C

Answer any 3 (10 marks each)

21. Discuss in detail the functions of management accounting. Explain the nature and scope of management accounting.
22. The financial statements of a company contain the following information for the year ending 31-12-2018

	₹
Cash	160000
Sundry Debtors	400000
Short Term Investment	320000
Stock	2160000
Prepaid Expenses	10000
Total Current Assets	<u>3050000</u>
Current Liabilities	1000000
10% debentures	1600000
Equity Share Capital	2000000
Retained Earnings	800000

Statement of profit for the year ending 31-3-2018

Sales (200% of fixed cost) 1000000

Less :Cost of Goods Sold	<u>2800000</u>
Profit before Interest and Tax	1200000
Less : Interest	<u>160000</u>
Profit before tax	1040000
Less: Tax @ 30%	<u>312000</u>
Profit after Tax	<u>728000</u>

Calculate (i) Quick ratio (ii) Debt equity ratio (iii) Return on Capital Employed and (iv) Average Collection Period (assuming 360 days in a year)

23. From the following Balance sheet of YKP Co. Ltd. make out a fund flow statement.

Liabilities	2017 Rs.	2018 Rs.	Assets	2017 Rs.	2018 Rs
Equity share capital	3,00,000	4,00,000	Goodwill	1,15,000	90,000
8% redeemable pref. share capital	1,50,000	1,00,000	Land and building	2,00,000	1,70,000
General reserve	40,000	70,000	Plant	80,000	2,00,000
Profit and loss account	30,000	48,000	Debtors	1,60,000	2,00,000
Proposed dividend	42,000	50,000	Stock	77,000	1,09,000
Creditors	55,000	83,000	Bills receivable	20,000	30,000
Bills payable	20,000	16,000	Cash in hand	15,000	10,000
Provision for taxation	40,000	50,000	Cash at bank	10,000	8,000
	6,77,000	8,17,000		6,77,000	8,17,000

Additional information:

- (i) Depreciation of Rs.10, 000 and Rs.20, 000 have been charged on plant and land and Building respectively in 2018.
- (ii) Interim dividend of Rs.20, 000 has been paid in 2018.
- (iii) Income tax Rs.35, 000 has been paid during the year 2018.
24. Rising Ltd., a company that was established in 2004, is in the grip of rising prices. It depreciates its plant and machinery by the reducing balance method, charging 33.33 percent of the reducing balance each year. All fixed assets can be assumed to have been purchased at the beginning of the year in which they are acquired.
- Capital employed is taken at the year ended value. Details of the company's capital employed and profit are as follows:

Year of Purchase	Plant and Machinery	Working Capital at year ended	₹ '000
2005	324		
2006	81		
2007	54	130	142

The replacement cost of plant and machinery has been rising and a price index for plant and machinery costs are as follows:

Year End	Index
2004	244.8
2005	260.1
2006	275.4
2007	306.0

You are required to calculate Return on Capital Employed using:

1. Historical costs and net book values to value fixed assets.
2. Replacement cost for fixed assets values and depreciation.

25. The balance sheet of ABC Ltd. is as follows:

Liabilities	1.1.2018	31.12.2018	Assets	1.1.2018	31.12.2018
Equity Capital	1,00,000	1,00,000	Cash	10,000	7,200
General Reserve	1,00,000	1,00,000	Debtors	70,000	76,800
Profit and Loss A/c	96,000	98,000	Stock	50,000	44,000
Current Liabilities	72,000	82,000	Land	40,000	60,000
Loss from Associate Company	-	40,000	Buildings	1,00,000	1,10,000
Loan from Bank	62,000	50,000	Machinery	1,60,000	1,72,000
	4,30,000	4,70,000		4,30,000	4,70,000

During the year ₹. 52,000 was paid as dividends. The provision for depreciation against machinery as on 1.1.2018 was ₹. 54,000 and on 31.12.2018 ₹. 72,000. You are required to prepare the Cash Flow Statement.

(10 x 3 = 30)