

Reg. No

Name

17P3610

M. COM DEGREE END SEMESTER EXAMINATION- OCTOBER-NOVEMBER 2017

SEMESTER 3 : COMMERCE

COURSE : 16P3COMT11 ; MANAGEMENT ACCOUNTING

(For Regular - 2016 admission)

Time : Three Hours

Max. Marks: 75

Section A

Answer any 10 (2 marks each)

1. Name the basic financial statements
2. What is common size balance sheet?
3. What is common size income statement?
4. What are financial statements?
5. Who is a comptroller?
6. Define Ratio Analysis.
7. If Apple Company Ltd.'s Current Ratio is 5.5, Quick Ratio is 4. Inventory is Rs. 30,000, what are its current liabilities?
8. From the following information given below, calculate operating profit ratio:
Cost of Goods Sold = Rs. 4,00,000
Administrative and Office Expenses = Rs. 35,000
Selling and Distribution Expenses = Rs. 45,000
Net Sales = Rs. 60,000
9. Annual Credit Sales = Rs. 25,000
Returns = 1,000
Debtors = 3,000
Bills Receivables = 1,000
Find out Debtors Turnover Ratio
10. What should be the frequency of an ideal report?
11. Give any two managerial uses of fund flow statement.
12. What is Price Level Accounting?

10 x 2 (20)

Section B

Answer any 5 (5 marks each)

13. What is the procedure of analysis and interpretation of financial statements?

14. What do you understand by financial statements? Discuss the nature of financial statements.
15. What is the relationship between management, cost and financial accounting?
16. 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
17. Following are the summarised Profit and Loss account and Balance sheet of J.K.J.P Ltd. for the year ended 31st December 2016:

Profit and Loss Account

To Opening Stock	1,50,000	By Sales	13,00,000
To Purchases	8,50,000	By Closing Stock	2,00,000
To Wages	50,000		
To Freight and Carriage	20,000		
To Gross Profit	4,30,000		
	15,00,000		15,00,000
To Office and administrative expenses	2,00,000	By Gross Profit	4,30,000
To Selling and distribution expenses	10,000	By Interest on Govt. Securities	12,000
To Interest on Debentures	10,000	By Profit on sale of	8,000

		plant	
To Interest on bank overdraft	5,000		
To Depreciation	15,000		
To Loss on sale of machine	10,000		
To Provision for tax	1,00,000		
To Net Profit	1,00,000		
	4,50,000		4,50,000

Balance Sheet

Liabilities	Rs	Assets	Rs.
Equity Share Capital	4,00,000	Land an)d Building (Net	2,50,000
8% Preference Share Capital	2,00,000	Plant and Machinery (Net)	3,00,000
Reserves	60,000	Investment in Govt. Securities	1,00,000
Profit and Loss A/c	40,000	Stocks	2,00,000
10% Debentures	1,00,000	Sundry Debtors	1,00,000
Bank Overdraft	50,000	Cash	40,000
Other Current Liabilities	1,50,000	Discount on Issue of Shares	10,000
	10,00,000		10,00,000

You are required to calculate:

Return on Gross Capital Employed and Return on Net Capital Employed.

18. From the following data, compute the duration of operating cycle for each of the two companies:

	X Ltd.	Y Ltd.
Stocks:		
Raw Materials	40,000	60,000
Work in Progress	30,000	45,000
Finished Goods	25,000	38,000
Purchase/consumption of raw material	1,60,000	2,70,000
Cost of goods produced/sold	3,00,000	3,80,000
Sale (all credit)	3,60,000	4,32,000
Debtors	72,000	1,08,000
Creditors	20,000	27,000

Assume 360 days per year for computational purposes.

19. Define the term 'Cash Flow'. Explain the objects of cash flow analysis.
 20. From the data below, calculate the gearing adjustment required under CCA

method:

	Opening	Closing
Convertible Debentures	1,00,000	1,20,000
Bank Overdraft	60,000	80,000
Cash	10,000	30,000
Paid-up Share Capital	1,50,000	2,00,000
Reserves	50,000	80,000
COSA	20,000	
MWCA	15,000	
Depreciation	5,000	
Total Adjustments	40,000	

5 x 5 (25)

Section C

Answer any 3 (10 marks each)

21. Discuss the use and importance of financial statements.
22. 'Management Accounting is the presentation of accounting information in such a way as to assist management in the creation of policy and in the day to day operations of the undertaking' Elucidate this statement
23. From the following information, make out a statement of Proprietors' Funds with as many details as possible:
 1. Current Ratio = 2.5
 2. Liquid Ratio = 1.5
 3. Proprietary Ratio (Fixed Assets/Proprietors' Funds) = 0.75
 4. Working Capital = Rs. 60,000
 5. Reserves and Surplus = Rs. 40,000
 6. Bank Overdraft = Rs. 10,000
 7. There is no long-term loan or fictitious assets.
24. A and B are equal partners since 2003. Their books and records showed the following balances as on 1st January 2011:

Building Account	1,20,000
Due from customers	2,70,000
Advance fro machinery (Machinery installed in July 2008)	40,000
Due to suppliers (Including Rs. 10,000 for purchases of Funiture in Dec 2007)	1,96,000
Bank Overdraft	1,15,000

Stock at cost	2,40,000
Bills Payable	32,000
Machinery Account	1,80,000
Furniture Account	5,000

The following further information is furnished:-

1. Cost of machinery delivered and installed in July 2011 was Rs. 1,20,000
2. Sales for the year 2011 were Rs. 2,00,000 per month and of which 15% were cash sales. The firm maintains a steady gross profit rate of 25% on sales. Cash purchases amounted to Rs. 50,000.
3.
 1. Collection from debtors = Rs. 22,00,000
 2. Payment to creditors (including liability for furniture) = 15,40,000
 3. Discount allowed to debtors=10,000
 4. Discount allowed to creditors = 12,000
4. Bills payable accepted= 1,00,000
5. Bills payable discharged = 90,000
 1. partners drawings:
 1. A 50,000
 2. B 50,000
6. Stock as on 31st December 2011= 2,00,000
7. Cash and Bank Balance as on 31st December 2011 amounted to Rs. 4,20,000 and there was no Bank Overdraft on the date. The figures of cash and bank on 1st January 2011 are not available.
8. Net Profit for the year may be assumed Rs. 1,80,000 after providing for depreciation on machinery Rs. 30,000 and Furniture Rs. 5,000.

Prepare:-

1. The statement showing sources and application of funds on working capital basis for hte year ended 31st December 2011, showing seperately statement of changes in working capital.
2. Funds flow statemnt on cash basis for the year ending 31st December 2011.

Show your workings

25. Prepare the financial statements under Current Cost Accounts (CCA) technique from the following statements prepared udner conventional accounting and further information given below:

	Rs. Lakhs		Rs. Lakhs
To Opening Stock	16.00	By Sales	200.00
To Purchases	128.00	By Other Income	4.00
	144.00		
Less: Closing Stock	24.00		

Cost of Sales	120.00		
To other Operating Expenses	48.00		
To Interest	6.00		
To Depreciation	10.00		
To Net Profit c/d	20.00		
	204.00		204.00
To Provision for tax	10.00	By Net Profit b/d	20.00
To Dividend	6.00		
To Balance c/f	4.00		
	20.00		20.00

Balance Sheet

Last Year (Rs. Lakhs)	Liabilities and Capital	This Year (Rs.Lakhs)	Last year (Rs. Lakhs)	Assets	This Year (Rs. Lakhs)
40.00	Share Capital	40.00	100.00	Fixed Assets	100.00
12.00	Reserves and Surplus	16.00	30.00	Less: Depreciation	40.00
			70.00		60.00
44.00	Long-term Loans	40.00	16.00	Stocks	24.00
20.00	Sundry Creditors	24.00	22.00	Debtors	28.80
			8.00	Cash	7.20
116.00		120.00	116.00		120.00

Additional Information:

1. Value to the business of fixed assets: Opening Rs. 132 lakhs; Closing Rs. 148 lakhs; Estimated life 10 years
2. Stock in trade:

	Index
1. Opening	100
2. Average	110
3. Closing	120
3. Debtors and Creditors

	Index
1. Opening	100
2. Average	110
3. Closing	120

3 x 10 (30)