

**M COM DEGREE EXAMINATION OCTOBER 2015**

SEMESTER: 3, SUBJECT: COMMERCE

COURSE CODE: P3COMT11–MANAGEMENT ACCOUNTING

Time: 3 Hours

Max. Marks: 75

**Section A***(Answer all questions. Each question carries 2 marks.)*

1. Define management accounting.
2. What is ROI?
3. What is meant by cash flow?
4. What is working capital management?
5. What is price level accounting?
6. What is backlog depreciation?
7. What are special reports?
8. What is trend analysis?
9. What is Du-pont control chart?
10. Name three sources of fund. (2 x 10 = 20)

**Section B***(Answer any five questions. Each question carries 5 marks.)*

11. Distinguish between financial accounting and management accounting.
12. Describe briefly the major tools used in the Financial Statement Analysis.
13. Describe the various techniques of accounting for price level changes.
14. What are the general principles of a good reporting system?
15. Calculate COSA from the following:

	Historical Cost	Index Number
Opening stock	52,000	100
Purchases	<u>2,20,000</u>	110
	2,72,000	
Less: Closing stock	<u>72,000</u>	120
Cost of sales	<u>2,00,000</u>	

16. Prepare a statement of changes in working capital from the following balance sheets of MC Ltd.

Liabilities	2013	2014	Assets	2013	2014
Equity capital	5,00,000	5,00,000	Fixed assets	6,00,000	7,00,000
Debentures	3,70,000	4,50,000	Long-term investments	2,00,000	1,00,000
Tax payable	77,000	43,000	Work-in-progress	80,000	90,000
Accounts payable	96,000	1,92,000	Stock-in-trade	1,50,000	2,25,000
Interest payable	37,000	45,000	Accounts receivable	70,000	1,40,000
Dividend payable	50,000	35,000	Cash	30,000	10,000
	<u>11,30,000</u>	<u>12,65,00</u>		<u>11,30,00</u>	<u>12,65,00</u>
		<u>0</u>		<u>0</u>	<u>0</u>

17. The net credit purchase of Reliance Ltd. For 2015 were Rs. 2,40,000 and the amount of creditors at the end of the year was Rs. 50,000 and bills payable Rs. 10,000. Calculate Creditors turnover ratio.

18. From the balance sheet of Ruchi Ltd. As on 30<sup>th</sup> June 2014 and 2015, prepare a comparative balance sheet.

Liabilities	2014	2015	Assets	2014	2015
Share capital	1,00,000	1,50,000	Fixed assets	2,00,000	3,00,000
Reserves	1,00,000	1,00,000	Current assets	50,000	80,000
Loan	20,000	80,000			
Current liabilities	<u>30,000</u>	<u>50,000</u>			
	<u>2,50,000</u>	<u>3,80,000</u>		<u>2,50,000</u>	<u>3,80,000</u>

(5 x 5 = 25)

### Section C

(Answer any **two** questions. Each question carries 15 marks.)

19. "Management accounting aims at providing financial results of the business to the management for taking decisions". Explain the statement by bringing out advantages and tools of management accounting.

20. From the following information, you are required to prepare a balance sheet.

(a) Current ratio	1.75
(b) Liquid ratio (Cost of sales/Closing stock)	1.25
(c) Stock turnover ratio	9
(d) Gross profit ratio	25%
(e) Debt collection period	1 ½ months
(f) Reserve and surplus to capital	0.2
(g) Turnover of fixed assets	1.2
(h) Capital gearing ratio	0.5
(i) Fixed assets to net worth	1.25
(j) Sales for the year	Rs. 12,00,000

21. The following are the summaries of the balance sheets of Pavan Ltd. As at 31<sup>st</sup> December 2013 and 2014:

Liabilities	2013	2014	Assets	2013	2014
Share capital	2,00,000	2,50,000	Land and building	2,00,000	1,90,000
General reserves	50,000	60,000	Plant	1,50,000	1,74,000
P&L A/C	30,500	30,600	Stock	1,00,000	74,000
Bank loan (short-term)	70,000	---	Debtors	80,000	64,200
Creditors	1,50,000	1,35,200	Cash	500	600
Provision for taxation	30,000	35,000	Bank	--	8,000
	<u>5,30,500</u>	<u>5,10,800</u>		<u>5,30,500</u>	<u>5,10,800</u>

*Additional Information:*

- Depreciation was written off – Plant Rs. 14,000 in 2014.
- Dividend of Rs. 20,000 was paid during 2014.
- Income tax provision made during the year was Rs. 25,000
- A piece of land was sold during the year at cost.

You are required to prepare a fund flow statement.

22. Calculate the trend percentages from the following figures of X Ltd. Taking 2010 as the base and interpret them:

Year	(Rs. In Lakhs)		
	Sales	Stock	Profit before tax
2010	1.881	709	321
2011	2.340	781	435
2012	2.655	816	458
2013	3.021	944	527
2014	3.768	1,154	672

(15 x 2 = 30)