

M. COM DEGREE END SEMESTER EXAMINATION OCTOBER 2016
SEMESTER - 3: COMMERCE

COURSE: P3COMT11 - MANAGEMENT ACCOUNTING

Common for Regular (2015 Admission) & Supplementary / Improvement (2014 Admission)

Time: Three Hours

Max. Marks: 75

Section A

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

1. What is Inflation Accounting?
2. What is COSA?
3. Explain the term Management Accounting.
4. What is Financial Leverage?
5. What is vertical Analysis?
6. What is meant by Fund Flow?
7. What is working capital management?
8. What are Routine Reports?
9. What is Common Size Statement?
10. What is Du-Pont Control Chart?

(2 x 10 = 20)

Section B

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

11. State the principles of a good reporting system.
12. How will you calculate cash from operations?
13. Explain the characteristic features of management accounting.
14. Describe briefly the major tools used in the financial statement analysis.
15. Calculate the trend percentages from the following figures of Newman Ltd. taking 2010 as the base:

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

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

Liabilities	2013	2014	Assets	2013	2014
Share capital	2,00,00	2,87,5	Plant	37,500	50,000
Creditors	0	00	Stock	60,500	68,000
P&L A/C	53,000	35,000	Debtors	90,500	85,000
	7,000	15,500	Cash	71,500	1,35,000
				<u>2,60,000</u>	<u>3,38,000</u>
	<u>2,60,00</u>	<u>3,38,0</u>			
	<u>0</u>	<u>00</u>			

17. Reliance Ltd. has sold goods for Rs. 2,50,000 at gross profit margin of 20%. The stock at the beginning and at the end of the year was Rs. 35,000 and Rs. 45,000 respectively. Calculate the stock turnover ratio.

18. From the balance sheet of Arun Ltd. As on 30th June 2014 and 2015, prepare a comparative balance sheet.

Liabilities	2014	2015	Assets	2014	2015
Equity capital	1,00,0	1,50,0	Land and building	2,00,0	3,00,0
Reserves and	00	00	Cash and bank	00	00
surplus	1,00,0	1,00,0	balance	50,000	80,000
Borrowings from	00	00			
bank	20,000	80,000			
Sundry creditors	30,000	50,000		<u>2,50,0</u>	<u>3,80,0</u>
	<u>2,50,0</u>	<u>3,80,0</u>		<u>00</u>	<u>00</u>

	<u>00</u>	<u>00</u>			
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(5 x 5 = 25)

Section C

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

- 19.** Describe in detail the various techniques of accounting for price level changes.
- 20.** From the following balance sheets and additional information, you are required to calculate fund from operation for the year ended 2014.

Liabilities	2013	2014	Assets	2013	2014
Share capital	1,00,00	1,50,0	Land and building	1,00,00	95,000
General Reserve	0	00	Plant and	0	90,000
P&L A/C	30,000	30,000	machinery	80,000	1,10,0
6% Debentures	20,000	22,000	Stock	70,000	00
Creditors	80,000	80,000	Debtors	20,000	25,000
Provision for tax	65,000	58,000	Investments	--	10,000
	5,000	10,000	Cash	10,000	10,000
			Goodwill	20,000	10,000
	<u>3,00,00</u>	<u>3,50,0</u>		<u>3,00,00</u>	<u>3,50,0</u>
	<u>0</u>	<u>00</u>		<u>0</u>	<u>00</u>

Additional information

- (a) During 2014, dividends of Rs. 15,000 were paid.
- (b) Depreciation written off to plant and machinery amounted to Rs. 6,000 and no depreciation has been charged on land and building.
- (c) Provision for tax made during the year Rs. 5,000.
- (d) Profit on sale of machinery Rs. 2,000.
- 21.** From the following information, make out a statement of proprietors fund with as many details as possible.

- (a) Current ratio 2.5
 (b) Liquid ratio 1.5
 (c) Proprietary fund (fixed assets/proprietary fund) 0.75
 (d) Working capital 60,000
 (e) Reserves and surplus 40,000
 (f) Bank overdraft 10,000
 (g) There is no long-term loan or fictitious assets.

22. The following are the summaries of the balance sheets of Bharat Products Ltd. As at 31st December 2013 and 2014:

Liabilities	2013	2014	Assets	2013	2014
Equity capital	2,00,0	2,50,00	Land and	2,00,000	1,90,00
Reserves & surplus	00	0	building	1,50,000	0
P&L A/C	50,000	60,000	Plant &	1,00,000	1,74,00
Short-term	30,500	30,600	machinery	80,000	0
borrowing	70,000	---	Stock-in-trade	500	74,000
Sundry creditors	1,50,0	1,35,20	Sundry debtors	--	64,200
Taxation provision	00	0	Cash in hand	<u>5,30,500</u>	600
	<u>30,000</u>	<u>35,000</u>	Bank balance		<u>8,000</u>
	<u>5,30,500</u>	<u>5,10,800</u>			<u>5,10,800</u>
	<u>00</u>	<u>0</u>			<u>0</u>

Additional Information

- (a) Depreciation written off on Plant and machinery during 2014 - Rs. 14,000.
 (b) Dividend paid during 2014 - Rs. 20,000.
 (c) Taxation provision made during 2014 - Rs. 25,000
 (d) A piece of land was sold during 2014 at cost.

You are required to prepare a statement showing schedule of working capital changes and also a statement showing the sources and application of fund.

(15 x 2 = 30)
