

M. Com DEGREE END SEMESTER EXAMINATION - OCT/NOV 2020: JAN 2021**SEMESTER 3 : COMMERCE****COURSE : 16P3COMT11 : MANAGEMENT ACCOUNTING***(For Regular - 2019 Admission and Supplementary - 2016/2017/2018 Admissions)*

Time : Three Hours

Max. Marks: 75

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

1. What is a common size balance sheet?
2. Who is a comptroller?
3. Following information is given for a company whose accounting year ends on 31st March 2016:

10,000 Equity shares of Rs. 10 each 8 paid up	80,000
11% 5,000 preference shares of Rs. 20 each	1,00,000
Profit before tax	80,000
Rate of tax	50%

Calculate Return on Equity capital

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 performance ratios?
7. Give any two managerial uses of fund flow statement.
8. Give any two points of differences between a fund flow statement and a cash flow statement.
9. What is CPP?
10. What is Gearing Adjustment?
11. What is the cash flow statement?
12. What is Management Reporting?

(2 x 10 = 20)**PART B****Answer any 5 (5 marks each)**

13. What are the notes to the financial statements?
14. The following information is given about M/s S.P. Ltd. for the year ending Dec. 31 2016:

1. Stock Turnover Ratio = 6 times
2. Gross Profit Ratio = 20% on sales
3. Sales for 2016 = Rs. 3,00,000
4. Closing stock is Rs. 10,000 more than the opening stock
5. Opening Creditors Rs. 20,000
6. Closing creditors Rs. 30,000
7. Trade debtors at the end Rs. 60,000
8. Net Working Capital Rs. 50,000

Find out :

1. Average Stock
 2. Purchases
 3. Creditors Turnover Ratio
 4. Average Payment Period
 5. Average Collection period
 6. Working capital turnover ratio
15. Discuss interest coverage ratios.
 16. Mr. Desai intends to supply goods on credit to A Ltd And B Ltd. The financial data relating to the companies for the year ended 30th June 2019 are as under;

Terms of payment	A ltd 3 months	B ltd 3 months
Stock	8,00,000	1,00,000
Debtors	1,70,000	1,40,000
Cash	30,000	60,000
Trade debtors	3,00,000	1,60,000
Bank od	40,000	30,000
Creditors for expenses	60,000	10,000
Total purchases	9,30,000	6,60,000
Cash purchases	30,000	20,000

Advice the reasons, as to which of the companies he should prefer to deal with.

17. 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:

- Plant and Machinery having a written down value of Rs. 54,360 was sold in October 2018.
- Depreciation of Rs. 68,250 has been deducted while arriving at net profit for the year.
- 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.
- 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.

18. Calculate the amount of depreciation under CCA method for each of the year as well the backlog depreciation for a certain item of the asset from the following details:

Cost of Machine	Rs. 40,000
Estimated life	4 years
Residual value	Nil
Inflation factor	10 %

Assume straight line method of depreciation.

19. What is the difference between the Cash Flow and Funds Flow statements?

20. Deco. Ltd. provides you the following information for the year ending 31st March 2018:

- Sales for the year amounted to ` 2,00,000, out of which 60% is for cash.
- Cost of goods sold was 50% of total sales.
- All inventory is purchased on credit.
- Collections from debtors amounted to ` 60,000.
- Payments to creditors of inventory totaled ` 45,000.
- Depreciation charged during the year on machinery amounted to ` 5,000.
- Goodwill written off during the year ` 3,000.
- Total salary for the period amounted to ` 6,000, out of which ` 1,000 was outstanding.
- Office expenses paid in cash ` 8,000, outstanding office expenses ` 2,000.
- Land was purchased for ` 2,50,000 and the consideration was discharged by the allotment to the vendors of zero percent convertible debentures.
- Fully paid equity shares of the face value of ` 2,00,000 were issued at a premium of 10%.
- A machine was sold for ` 15,000. The book value of the machine was ` 12,000.
- Another machine having a book value of ` 4,000 was scrapped and was treated as ordinary business loss.
- A vehicle was purchased for cash at cost of ` 1,50,000.
- Dividends paid during the period amounted to ` 40,000.
- Income tax paid ` 10,000.
- Cash in hand and at bank as on 31st March, 2018 totaled ` 25,000.

You are required to prepare a cash flow statement using the direct method

(5 x 5 = 25)

PART 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. From the following information, you are required to prepare balance sheet:
 Current Ratio = 1.75
 Liquid Ratio = 1.25
 Stock Turnover ratio (Cost of Sales/Closing Stock) = 9
 Gross Profit Ratio = 25%
 Debt Collection Period = 1.5 months
 Reserves and surplus to capital = 0.2
 Turnover to Fixed Assets = 1.2
 Capital Gearing Ratio (Long term debt to equity capital) = 0.6
 Fixed Assets to Networth = 1.25
 Sales for the year = Rs. 12,00,0000

23. The summarised Balance Sheet of J.K. Ltd as on 31st December 2015 and 2016 are as follows:

Particulars		Note NO	2015 Amount	2016 Amount
I.	EQUITY AND LIABILITIES:			
1.	Shareholder's fund			
	Share capital		4,50,000	4,50,000
	Reserves and Surplus			
	General Reserve		300,000	3,10,000
	Profit and loss accounts		<u>56,000</u>	<u>68,000</u>
2.	Share Application Money Pending Allotment			
3.	Non-current Liabilities			
	Long-term borrowings (Mortgage loan)		-	2,70,000
4.	Current Liabilities			
	Trade payables (creditors)		1,68,000	1,34,000
	Short term Provisions (Provision for tax)		<u>75,000</u>	<u>10,000</u>
	TOTAL		<u>10,49,000</u>	<u>12,42,000</u>
	I. ASSETS			
	Non-current Assets:			
	Fixed assets:			
	Tangible assets	2		
	Land and building		200,000	200,000
	Machinery		<u>200,000</u>	<u>1,20,000</u>
	Non-current Investments		50,000	60,000
	Current Assets			
	Inventories (Stock)		2,40,000	2,10,000
	Trade Receivables (Debtors)		2,10,000	4,55,000
	Cash and Cash Equivalents		<u>1,49,000</u>	<u>1,97,000</u>
	TOTAL		<u>10,49,000</u>	<u>12,42,000</u>

Additional information:

- Investment costing Rs.8000 were sold during the year 2016 for Rs. 8,500.
- Provision for taxation made during the year was Rs.9,000
- During the year machine costing Rs.10,000 was sold for Rs.12,000. The profit was included in the Profit and Loss Account.
- Dividend paid during the year amounted to Rs.40,000
- Interest paid on Mortgage loan during the year is Rs.10,000

Prepare a schedule of changes in working capital and a statement of sources and application of fund for the year 2016

24. The following are the Balance sheets of XYZ company limited

Liabilities	2016	2017	Assets	2016	2017
Equity Share Capital	2,00,000	2,00,000	Land and Buildings at cost	1,00,000	1,00,000
Profit and Loss Account	15,000	20,000	Plant and Machinery at cost Rs. 1,50,000 purchased in 2013)	75,000	67,500
Sundry Creditors	25,000	30,000	Inventories	30,000	37,500
			Sundry Debtors	20,000	25,000
			Cash	15,000	20,000
	2,40,000	2,50,000		2,40,000	2,50,000

The General Price Index was 100 in 2003 (base year), 200 in 2016 and 250 in 2017. No dividend was paid in 2017. You are required to prepare:

1. Supplementary Income Statement at current values
2. Supplementary Comparative Balance Sheet at current values.

25. The following are the comparative balance sheets of XYZ Ltd. as on 31st March 2017 and 2018.

Particulars	2017 (₹)	2018 (₹)
Equity and Liabilities		
Shareholder's Funds		
Share Capital (Shares of ₹. 10 each)	3,70,000	3,50,000
Reserve and Surplus:		
Profit and Loss A/c	52,800	50,400
Non-Current Liabilities		
9% Debentures	30,000	60,000
Current Liabilities		
Trade Payables (Creditors)	59,200	51,600
	5,12,000	5,12,000
Assets		
Non-Current Assets		
Fixed Assets (Tangible):		
Land	1,50,000	1,00,000
Fixed Assets (Intangible)		
Goodwill	25,000	50,000
Current Assets		
Inventories (Stock)	2,13,500	2,46,000
Trade Receivables (Debtors)	84,500	71,000
Cash and cash Equivalents :		
Cash and Bank	35,000	42,000
Temporary Investments	4,000	3,000
	5,12,000	5,12,000

Other Particulars provided to you are: (a) Dividends declared and paid during the year ₹. 17,500 (b) Land was revalued during the year at ₹. 1,50,000 and the profit on revaluation transferred to profit and loss account. You are required to prepare a Cash Flow Statement for the ended 30-03-2018.

(10 x 3 = 30)