

**M. COM DEGREE END SEMESTER EXAMINATION : OCTOBER 2022****SEMESTER 3 : COMMERCE****COURSE : 21P3COMT11 : MANAGEMENT ACCOUNTING***(For Regular - 2021 Admission)*

Duration : Three Hours

Max. Weights: 30

**PART A****Answer any 8 questions****Weight: 1**

1. What is backlog depreciation? ( )
2. Annual Credit Sales = Rs. 25,000  
Returns = 1,000  
Debtors = 3,000 (A, CO 3)  
Bills Receivables = 1,000  
Find out Debtors Turnover Ratio
3. Write down any four duties of a Comptroller? (U)
4. Name Liquidity Ratios. (U, CO 3)
5. What is COSA? ( )
6. What is the difference between net cash flow and net income? ( )
7. 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	(A, CO 3)
Profit before tax	80,000	
Rate of tax	50%	

Calculate Return on Equity capital

8. Give any two managerial uses of fund flow statement. ( )
9. Write a brief note on internal reports. ( )
10. Give any two points of differences between a fund flow statement and a cash flow statement. ( )

**(1 x 8 = 8)****PART B****Answer any 6 questions****Weights: 2**

11. Write a brief note on reporting system (U, CO 5)
12. From the following information relating to Avinash Ltd calculate cash flow from investing activities for the year 2018-19.

	Purchase during 2018-19	Sales during 2018-19	
Machinery	500,000	100,000	
Building	10,00,000	0	
Investment	50,000	70,000	(A, CO 1)
Goodwill	70,000	0	
Patent and trademark	100,000	20,000	
Land	500,000	100,000	

Additional information

1) In the past the company had purchased a building in the prime location. The building was let out and rent received during the year 2018-19 was Rs.50,000.

2) Interest received on debentures held as investment Rs.10,000

3) Interest paid on debentures issued by the company during 2018-19 Rs. 25,000.

4) Dividend paid during 2018-19 Rs.50,000.

5) Dividend received during 2018-19 Rs.18,000

13. 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

(A)

Additional Information:

a) Plant and Machinery having a written down value of Rs. 54,360 was sold in October 2018.

b) Depreciation of Rs. 68,250 has been deducted while arriving at net profit for the year.

c) 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.

d) 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.

14. ABS LTD had the following earnings last year;

- Profit before tax ₹ 24.46 lakhs
- Tax rate 60%
- Proposed dividend 20%
- Capital of the company is 9% preference shares ₹ 10 lakhs
- Equity shares ;30000 shares of ₹ 100 each ₹ 30 lakhs
- Reserves in the beginning of the year ₹ 22 lakhs

(A, CO 3, CO 6, CO 7)

From the above compute ;

- a) Earnings Per Share
- b) Book value per share
- c) Earnings yield ratio
- d) Price Earning ratio

The current market price of the equity share is ₹200.

15. Write a brief note on comparative statements.

()

16. Calculate liquidity ratios from the following balance sheet of Marvel Ltd as on 31<sup>st</sup> March 2019

(A, CO 3)

Particulars	Note no	Amount ₹
<b>1. Equity and Liabilities:</b>		
<b>(1) Shareholders Fund</b>		
Share capital		6,00,000
Reserves and surplus		90,000
<b>(2) Share application money pending allotment</b>		-
<b>(3) Non- current liability</b>		-
<b>(4) Current Liabilities</b>		
Short term Borrowings(Bank OD)		51,000
Trade payables		
Creditors		60,000
Bills payables		15,000
Other current liabilities(Outstanding Expenses)		24,000
Short term provisions (provision for tax)		60,000
<b>Total</b>		<b><u>9,00,000</u></b>
<b>1. ASSETS</b>		
<b>(1) Non- current assets</b>		
Fixed assets:		4,80,000
<b>(2) Current assets</b>		
Inventories		1,50,000
Trade receivables		
Debtors		60,000
Bills receivables		45,000
Cash and cash equivalence		
Cash at bank		90,000
Cash in hand		60,000
Other current assets		15,000
<b>Total</b>		<b><u>9,00,000</u></b>

17. Discuss the objects and limitations of Ratio Analysis. (U, CO 3)

18. A machine was purchased on 1.1.2012 at a cost of Rs. 10,00,000 and its useful life was estimated to be 10 years. Its replacement cost was Rs. 18,00,000 on 1.1.2013 and Rs. 20,00,000 on 31.12.2013. Calculate the amount of depreciation adjustment ( )

(2 x 6 = 12)

### PART C

Answer any 2 questions

Weights: 5

19. The following are the summaries of the Balance Sheet of AKHIL Ltd as at 31<sup>st</sup> March,2020.

Particulars	31- 03- 2020 ₹	31- 03- 2019 ₹
<b>I. Equity and Liabilities</b>		
<i>Shareholders' Funds:</i>		
Share capital	2,60,000	2,00,000
Reserves and surplus:		
Reserves	50,000	50,000
P&L Balance	41,220	39,690

(A)

<i>Non- current liabilities:</i> Provision for Taxation	50,000	40,000
<i>Current Liabilities:</i> Bank Overdraft	---	59,510
<i>Trade Payables:</i> Sundry Creditors	41,135	39,500
Bills Payable	11,525	33,780
TOTAL	<u>4,53,880</u>	<u>4,62,480</u>
<b>II. Assets</b>		
<i>Non- current Assets:</i> <i>Fixed Tangible Assets:</i> Land & Buildings	1,44,250	1,48,500
Plant and Machinery	1,16,200	1,12,950
<i>Fixed Intangible Assets:</i> Goodwill	20,000	----
<i>Current Assets:</i> Inventories (Stock)	97,370	1,11,040
Sundry Advances	735	2,315
Trade Receivables (Sundry Debtors)	72,625	85,175
Cash at Bank	2,700	2,500
TOTAL	<u>4,53,880</u>	<u>4,62,480</u>

The following additional information is obtained from the general ledger:

- a) During the year ended 31<sup>st</sup> March, 2020 , an interim dividend of ₹26,000 was paid.
- b) The assets of another company were purchased for ₹60,000 payable in fully paid shares of the company. These assets consisted of stock ₹21,640, machinery ₹18,360 and goodwill ₹20,000. In addition, sundry purchases of plant were made totalling ₹5,650.
- c) Income tax paid during the year amounted to ₹25,000.
- d) The net profit for the year before tax was ₹62,530.

You are required to prepare a statement showing the sources and applications of funds for the year 2020 and a schedule setting out changes in working capital.

20. From the following Balance sheets of Aravind Textiles Lid, prepare a Cash Flow statement for the year ended 31.3.2019.

Particulars	Note no	31-3-2018	31-3-2019
<b>I. Equity and Liabilities</b>			
<i>Shareholders' Funds:</i>			
Share capital		6,00,000	8,00,000
Reserves and surplus	1		
Capital reserve		0	30,000
Statement of profit and loss		<u>40,000</u>	<u>1,00,000</u>
<i>Non-current liabilities:</i>			
Long term borrowings (10% debentures)		2,00,000	---

(A, CO 1)

<i>Current Liabilities:</i>			
Trade Payables		1,25,000	1,05,000
Short term Provisions	2	-	-
Provision for tax		15,000	32,000
Proposed dividend		30,000	40,000
Provision for doubtful debts		<u>20,000</u>	<u>16,000</u>
TOTAL		<u>10,30,000</u>	<u>11,23,000</u>
<b>II. Assets</b>			
<i>Non- current Assets:</i>			
(a) Fixed Assets:			
(i) Tangible assets	3		
Plant and machinery		2,00,000	3,00,000
Less: Accumulated depreciation		<u>(30,000)</u>	<u>(48,000)</u>
		1,70,000	2,52,000
Land and building		<u>4,00,000</u>	<u>3,50,000</u>
(ii) Intangible Assets			
(b) Non-current investment			
<i>Current Assets:</i>			
Inventories		1,90,000	2,45,000
Trade receivables		1,76,000	1,40,000
Cash and cash equivalents	4	-	-
Cash in hand		14,000	6,000
Cash at bank		30,000	50,000
Marketable securities		<u>50,000</u>	<u>80,000</u>
TOTAL		<u>10,30,000</u>	<u>11,23,000</u>

Additional Information:

a) A piece of land has been sold during the year and the profit on sale has been credited to Capital Reserve

b) Machinery Costing 20,000 (accumulated depreciation Rs 8,000) was sold for Rs 9,000.

c) Debentures were redeemed on 1 October 2018, at a premium of 6% and the premium on redemption was debited to Statement of Profit and Loss.

21. 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

(A, CO 4)

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.

22. With the following Ratios and further information given below, prepare Income Statements and a Balance sheet of Narain Ltd:

Gross Profit Ratio	25%
Net Profit/Revenue from operations	20%
Inventory Turnover Ratio	10
Net Profit/Capital	1/5
Capital to Total Liabilities	1/2
Fixed assets/Capital	5/4
Fixed assets/Total Current Assets	5/7
Fixed assets	10,00,000
Closing Inventory	1,00,000
Cash at Bank	1,00,000
Long Term Borrowings	3,00,000

(A, CO 3, CO  
6, CO 7, CO  
8)

(5 x 2 = 10)

OBE: Questions to Course Outcome Mapping

CO	Course Outcome Description	CL	Questions	Total Wt.
CO 1	Understand the concept of cash flow and prepare cash flow statement	U	12, 20	7
CO 3	Understand various ratios as a tool of financial analysis and take suitable financial decisions	A	2, 4, 7, 14, 16, 17, 22	14
CO 4	Understand the concept of price level accounting and apply in real life situation	A	21	5
CO 5	Proper reporting of information to various level of management	U	11	2
CO 6	Analysis of financial performance of companies and identify the strength and weakness	An	14, 22	7
CO 7	Demonstrate their competence and analytical skill	An	14, 22	7
CO 8	Managerial decision making through analysis of financial statements	An	22	5

Cognitive Level (CL): Cr - CREATE; E - EVALUATE; An - ANALYZE; A - APPLY; U - UNDERSTAND; R - REMEMBER;