

M. Com DEGREE END SEMESTER EXAMINATION - OCTOBER 2022**SEMESTER 3 : COMMERCE****COURSE : 16P3COMT11 : MANAGEMENT ACCOUNTING***(For Supplementary - 2016/2017/2018/2019/2020 Admissions)*

Time : Three Hours

Max. Marks: 75

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

1. Give three characteristics of ideal financial statements.
2. Write down any four duties of a Comptroller?
3. 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
4. If Banana Company Ltd.'s Current Liabilities are Rs. 25,000, Quick Ratio is 1.5, Inventory is Rs. 12,500, calculate current assets.
5. Define Ratio Analysis.
6. Name three current asset movement ratios
7. Explain the treatment of Provision for doubtful debts
8. Distinguish between Fund Flow Statement and Income Statement
9. What is COSA?
10. Discuss the uses of price level accounting.
11. What are interim financial statements?
12. What is the purpose of the cash flow statement?

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

13. What do you understand by financial statements? Discuss the nature of financial statements.
14. The following figures related to the year ending 31st March 2018. Calculate:
 - a) Inventory Turnover Ratio
 - b) Trade Payables Turnover Ratio
 - c) Average Payment Period

Net Revenue from operation(sales)	5,40,000
Gross profit on Revenue from operation	20%
Opening Inventory	1,20,000
Closing Inventory	1,60,000
Credit Purchases	6,20,000
Purchase Returns(out of credit purchases)	20,000
Closing creditors	1,00,000
Closing Bills payable	50,000

15. Discuss the significance of Debt-Equity ratio.

16. From the following information given below calculate the following ratios

- a. Quick Ratio
- b. Stock Turnover Ratio
- c. Debt Equity Ratio

Closing Stock	1,50,000
Cost of Goods Sold	12,00,000
Gross profit	2,00,000
Indirect Expenses	20,000
Equity Share Capital	70,000
10% preference Share Capital	3,00,000
12% Debenture	2,00,000
Current Liabilities	2,00,000
General Reserve	1,00,000

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:

- 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.

18. The information given below relates to monetary accounts of Jayanath Co. Ltd. Compute the general price level gain or loss.

Particulars	As on 1.1.2007	As on 31.12.2007
Monetary Assets	80,000	1,00,000
Monetary Liabilities	1,00,000	1,00,000
Retail Price Index	200	300
Average Index	240	

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

20. Mediam Co Ltd made a profit of 50,000 after considering the following items

Depreciation on fixed Assests	10000	
Writing off preliminary expenses	5000	
Loss on sale of furniture		500
Provision for Taxation	80000	
Transfer to General Reserve	7000	
Profit on sale of machinery	3000	

Following additional information is given

Particulars	March 31 st 2014	March 31 st 2015
Debtor	120000	15000
Creditor	10000	15000
Bill Receivable	10000	8500
Bill payable	8000	6000
Outstanding Expenses	5000	4000
Prepaid Expenses	200	300

Calculate Cash from operations?

(5 x 5 = 25)

PART C

Answer any 3 (10 marks each)

21. 'Management Accounting is nothing more than the use of financial information for management purposes'. Explain this statement and clearly distinguish between financial accounting and management accounting.
22. From the following information prepare Balance Sheet

	₹
Sales to net worth	5 times
Current liability to net worth	50%
Total debt to net worth	60%
Fixed assets to net worth	60%
Current ratio	2:1
Sales to stock	10 times
Debtors velocity	9 Times
Annual sales	₹ 15,00,000
Credit sales to total sales	60%

23. From the following particulars of Mr. Kumar, Prepare Fund Flow Statement on

- Working Capital Basis and
- Cash Basis

	1st Jan 2018	31st Dec 2018
Cash	5,000	4,000
Debtors	40,000	45,000
Land	30,000	25,000
Building	50,000	55,000
Machinery	70,000	80,000
	2,25,000	2,49,000
Current Liabilities	35,000	40,000
Loan from Mrs. Suba	-	25,000
Bank Loan	40,000	30,000
Capital	1,50,000	1,54,000
	2,25,000	2,49,000

During the year Mr. Kumar brought an additional capital of Rs. 10,000 and his drawings during the year were Rs. 31,000/-

Provision for depreciation on machinery - opening balance Rs. 30,000, closing balance Rs. 40,000

No depreciation need to be provided for other assets.

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)