

**M. COM DEGREE END SEMESTER EXAMINATION - OCTOBER 2024****SEMESTER 3 : COMMERCE****COURSE : 21P3COMT11 : MANAGEMENT ACCOUNTING***(For Regular 2023 Admission and Supplementary 2022/ 2021 Admissions)*

Duration : Three Hours

Max. Weights: 30

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

1. Discuss the uses of price level accounting. ( )
2. What is capital gearing? (U, CO 3)
3. What is statement of changes in working capital? ( )
4. What is backlog depreciation? ( )
5. What are current and non-current accounts? ( )
6. If Banana Company Ltd.'s Current Liabilities are Rs. 25,000, Quick Ratio is 1.5, Inventory is Rs. 12,500, calculate current assets. (A, CO 3)
7. Write a brief note on internal reports. ( )
8. What is a common size balance sheet? ( )
9. 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. 6,00,000 (A)
10. What are the objects of reporting? ( )  
**(1 x 8 = 8)**

**PART B****Answer any 6 questions****Weights: 2**

11. From the following information, prepare a statement of sources and application of funds for the year 2017-18. ( )
  - Increase in working capital, Rs. 4,000
  - Net profit, before writing off goodwill and charging dividend, Rs 10,750
  - Depreciation provided Rs. 1,750
  - Dividend paid Rs. 3,500
  - Goodwill Rs. 5,000 written off out of profit
  - Rs. 5,000 share capital was issued for cash.
  - Machinery was purchased for cash , Rs. 10,000
12. Discuss the significance of Debt-Equity ratio. (U, CO 3)
13. What are the objectives of reporting to management? Suggest general principles to be borne in mind when designing reports. (U, CO 5)
14. Given:  
Current Ratio = 2.8  
Acid Test Ratio = 1.5  
Working Capital = Rs.1,62,000  
Find out: (A, CO 3)
  1. Current Assets
  2. Current Liabilities
  3. Liquid Assets.
15. Briefly discuss the various financial statements. ( )

16. A company has the following transactions at the given dates and price indices for the first quarter of 2008:

Particulars	(Rs.)	Price Index
Opening Balance (January 1)	6,000	100
Cash Sales (February 1)	17,500	105
Payment to Creditors (March 1)	12,000	108
Cash Purchases (March 1)	2,000	108
Payment of Expenses (March 31)	2,000	110
Closing Balance (March 31)	7,500	110

(A)

Calculate the monetary gain or loss

17.

Balance as on	31.03.2019	31.03.2020
Equity share capital	200,000	25,0,000
Share premium	0	25,000
Preference share capital	200,000	100,000
12% debentures	100,000	2,50,000
Mortgage loan	50,000	0

(A, CO 1)

Interest paid on debentures and loans for the year Rs. 20,000
Interim dividend paid Rs. 12,000

Prepare a statement showing net cash flow from financing activities

18. The following info is given about M/s S.P Ltd for the year ending march 31<sup>st</sup> 2019.

Inventory turnover ratio	6 times
Gross profit ratio	20% on sales
Revenue for the year ended 31-3-2019	3,00,000
Close inventory is ₹ 1000- more than the opening inventory	
Opening trade payables	20,000
Closing trade payables	30,000
Trade receivables at the end	60,000
Net working capital	50,000

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

Find out :

- Average Inventory
- Purchases
- Payables turnover ratio
- Average payment period
- Average collection period
- Working capital turnover ratio

(2 x 6 = 12)

### PART C

Answer any 2 questions

Weights: 5

19. Blanca Sheets of Western Manufactures Ltd. as on 1<sup>st</sup> April, 2019 and 31<sup>st</sup> March, 2020 are as follows:

Particulars	01- 04- 2019	31- 03- 2020
<b>I. Equity and Liabilities</b>		
<i>Shareholders' Funds:</i>		
Share capital:	2,50,000	2,50,000
Reserves and surplus:		
Reserves for Contingencies	70,000	55,000
Surplus A/c	20,000	27,000
<i>Non- Current Liabilities:</i>		
5% Debentures	1,00,000	80,000
<i>Current Liabilities:</i>		
Sundry Creditors	1,15,000	1,08,000
Outstanding Expenses	15,000	24,000
TOTAL	<u>5,70,000</u>	<u>5,44,000</u>
<b>II. Assets</b>		
<i>Non- current Assets:</i>		
(a) Fixed Assets:		
Land & Buildings	1,50,000	1,50,000
Machinery	<u>82,000</u>	<u>90,000</u>
	2,32,000	2,40,000
Less: Depreciation Fund	<u>40,000</u>	<u>44,000</u>
	1,92,000	1,96,000
<i>Current Assets:</i>		
Stock in trade	1,00,000	1,14,000
Sundry Debtors	85,000	81,000
Cash & Bank balances	60,000	55,000
Temporary Investments	1,31,000	95,000
Prepaid Expenses	2,000	3,000
TOTAL	<u>5,70,000</u>	<u>5,44,000</u>

Following additional information is also available:

- New machinery was purchased for ₹30,000 but old machinery costing ₹15,000 was sold for ₹5,000 accumulated depreciation was ₹8,000.
- ₹20,000, 5% Debentures were redeemed by purchase from open market @ ₹96.
- ₹36,000 Investments were sold at book value.
- 12% Dividend was paid in cash.
- ₹15,000 was debited to Contingency reserve for settlement of previous tax liability.

You are required to prepare Cash Flow Statement by Indirect method.

20. Using on the information and the form given below, compute the Balance sheet items for a firm having a sale of Rs. 36 lakhs.

Sales/Total Assets = 3

Sales/Fixed Assets = 5

Sales/Current Assets = 7.5

Sales/Inventories = 20

Sales/Debtors=15

Current Ratio = 2

Total Assets/Networth = 2.5

Debt/Equity = 1

Liabilities	Rs.	Assets	Rs.
Networth	?	Fixed Assets	?
Long term Debt	?	Inventories	?
Current Liabilities	?	Debtors	?
		Liquid Assets	?
	?		?

(A,  
CO  
1)

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

21. Following are the Balance Sheet of a Public company as on 31<sup>st</sup> March ,2019 and 2020.

**Balance Sheet**

Particulars	Note No	31-3-2019 Rs	31-3-2020 Rs
<b>EQUITY AND LIABILITIES</b>			
<b>1. Shareholder's Fund</b>			
Share capital		2,40,000	3,00,000
Reserves and Surplus: Surplus A/c		18,000	19,200
<b>2. Noncurrent Liabilities</b>			
15% Debentures		72,000	66,000
<b>4. Current Liabilities</b>			
Creditors		36,000	42,000
Bills payable		42,000	21,000
Outstanding Liabilities for compensation		75,000	40,000
Provision for taxation		58,000	65,200
Proposed Dividend		30,000	34,800
TOTAL		<u>5,71,000</u>	<u>5,89,000</u>
<b>ASSETS</b>			
<b>1. Noncurrent assets:</b>			
Fixed assets	₹	₹	
	2,46,000	2,40,000	1,80,000
Less: Accumulated Depreciation	66,000	90,000	1,50,000
Goodwill		43,800	33,000
<b>2. Current Assets</b>			
Stock		60,000	70,000
Sundry Debtors		1,20,000	1,44,000
Bank		47,200	52,000
Investment (Short-term)		1,20,000	1,40,000
<b>Total</b>		<u>5,71,000</u>	<u>5,89,000</u>

(A)

*Additional Information*

- Provision for taxation Rs 38,000 was made during the year 2019-2020. (Treat provision for taxation and proposed dividend as non-current liabilities).
- Interim dividend of Rs 20,000 was paid during the year.
- A part of the fixed asset was sold for Rs 8,000 during the year 2019-2020. It had costed Rs 21,000 depreciation of Rs 16,000 has been provided on it.
- Debentures of Rs 6,000 were redeemed during 2019-2020 at a premium of 10%.

From the above prepare

- a) Schedule of changes in working capital and
- b) Statement showing Sources and Uses of Fund.

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

(i)

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
	<u>2,40,000</u>	<u>2,50,000</u>		<u>2,40,000</u>	<u>2,50,000</u>

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.

**(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	17, 19	7
CO 3	Understand various ratios as a tool of financial analysis and take suitable financial decisions	A	2, 6, 12, 14, 18, 20	13
CO 5	Proper reporting of information to various level of management	U	13	2
CO 6	Analysis of financial performance of companies and identify the strength and weakness	An	18, 20	7
CO 7	Demonstrate their competence and analytical skill	An	18, 20	7
CO 8	Managerial decision making through analysis of financial statements	An	20	5

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