

M. COM DEGREE END SEMESTER EXAMINATION - OCTOBER 2025**SEMESTER 3 : COMMERCE****COURSE : 24P3COMT11 : MANAGEMENT ACCOUNTING***(For Regular - 2024 Admission)*

Time : Three Hours

Max. Weights: 30

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

1. Mention the object of Financial Accounting in Management Accounting. ()
2. Distinguish between Fund Flow Statement and Income Statement ()
3. What is performance ratios? (U)
4. Discuss the uses of price level accounting. ()
5. If Apple Company Ltd.'s Current Ratio is 5.5, Quick Ratio is 4. Inventory is Rs. 30,000, what are its current liabilities? (A)
6. What is Gearing Adjustment? ()
7. If orange company Ltd's inventory is Rs. 60,000, total current liabilities are Rs. 1,20,000, Quick Ratio is 2, calculate Current Ratio. (A)
8. Give any two managerial uses of fund flow statement. ()
9. What is Management Reporting? (U)
10. How do drawings affect the financial statements? ()

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

11. Bring out the kinds of reports prepared for different levels of management. (U)
12. The following information has been extracted from the Balance Sheet of a company

Particulars	31 st Dec, 2018	31 st Dec, 2019
Machinery	80,000	2,00,000
Accumulated Depreciation	30,000	35,000
P & L A/C	25,000	40,000

(A)

The following additional information is also available:

- a) A machine costing Rs 20,000 was purchased during the year by issue of equity shares.
- b) On January 1, 2019, a machine costing Rs 15,000 (with an accumulated depreciation of Rs 5,000) was sold for Rs 7,000.

Find out sources/application of funds.

13. Deco. Ltd. provides you the following information for the year ending 31st March 2018: **(A)**

1. Sales for the year amounted to ` 2,00,000, out of which 60% is for cash.
2. Cost of goods sold was 50% of total sales.
3. All inventory is purchased on credit.
4. Collections from debtors amounted to ` 60,000.

5. Payments to creditors of inventory totaled ₹. 45,000.
6. Depreciation charged during the year on machinery amounted to ₹. 5,000.
7. Goodwill written off during the year ₹. 3,000.
8. Total salary for the period amounted to ₹. 6,000, out of which ₹. 1,000 was outstanding.
9. Office expenses paid in cash ₹. 8,000, outstanding office expenses ₹. 2,000.
10. Land was purchased for ₹. 2,50,000 and the consideration was discharged by the allotment to the vendors of zero percent convertible debentures.
11. Fully paid equity shares of the face value of ₹. 2,00,000 were issued at a premium of 10%.
12. A machine was sold for ₹. 15,000. The book value of the machine was ₹. 12,000.
13. Another machine having a book value of ₹. 4,000 was scrapped and was treated as ordinary business loss.
14. A vehicle was purchased for cash at cost of ₹. 1,50,000.
15. Dividends paid during the period amounted to ₹. 40,000.
16. Income tax paid ₹. 10,000.
17. 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

14. What is the significance of Ratio Analysis? (U)
15. From the following info calculate;
 - a) Gross profit ratio
 - b) Operating ratio
 - c) Operating profit ratio
 - d) Net profit ratio
 - e) Expense ratio- administrative expenses and selling expense

Particulars	₹
Operating inventory	3,00,000
Closing inventory	4,20,000
Purchases	14,00,000
Wages	3,70,000
Carriage inwards	1,50,000
Admn expense	84,000
Selling expenses	36,000
Income tax	1,00,000
Profit on sale of fixed assets	20,000
Revenue from operations	24,00,000

16. A summary of balance sheet of Sun and Moon Co. Ltd. is given below: (U)

Particulars	₹
Cash and Accounts Receivable	13,00,000
Plant and Equipment (Net Depreciation)	14,00,000
Total Assets	27,00,000
Current Debts	6,00,000
Long Term Debts	10,00,000
Owner's Equity	11,00,000
Total Equities	27,00,000

The current price index is 280. The plant and equipment and long-term debt acquired when the price index was at 180.

You are required to revise the summary balance sheet to restate assets and equities in terms of current rupees. How will you treat the monetary gain or loss, if any?

17. From the following information, calculate average collection period:

Total Sales	1,00,000
Cash Sales (included in total sales)	20,000
Sales Returns	7,000
Total Debtors at the end of the year	11,000
Bills Receivable	4,000
Bad debts Provision	1,000
Creditors	10,000

(A)

18. Briefly discuss the various financial statements.

()

(2 x 6 = 12)

PART C

Answer any 2 questions

Weights: 5

19. Balance sheet extracted from the books of AB Ltd. as on 31st March, 2014 and 2015 are as under:

(A)

Balance Sheet

Particulars	Note No	31-3-2014 (Amount)	31-3-2015 (Amount)
EQUITY AND LIABILITIES	-	-	-
1. Shareholder's Funds	-		-
a) Share capital:			
Equity		1,50,000	2,50,000
8% Redeemable Preference Shares		1,50,000	1,00,000
b) Reserves and Surplus			
Capital Reserve			25,000
General reserve		20,000	30,000
Surplus Account		18,000	27,000
2. Current Liabilities			
Sundry Creditors		26,000	53,000
Bills payable		18,000	12,000
Provision For Taxation		28,000	32,000
Proposed Dividend		27,000	33,000
TOTAL		<u>4,37,000</u>	<u>5,62,000</u>
ASSETS			
1. Noncurrent Assets			
Land and Buildings		1,00,000	75,000
Plant and Machinery		90,000	1,91,000
Goodwill		60,000	47,000

Trade Investment		10,000	35,000
2. Current Assets	-		
Stock	-	85,000	78,000
Sundry Debtors	-	60,000	90,000
Bills Receivable		15,000	18,000
Cash at Bank		10,000	22,000
Cash in Hand		7,000	6,000
TOTAL	-	<u>4,37,000</u>	<u>5,62,000</u>

Additional Information:

(A) In 2014-15 Rs 18,000 depreciation has been written off plant & machinery and no depreciation has been charged on land & building.

(B) A piece of land has been sold out and the balance has been revalued, profit on such sale and revaluation being transferred to capital reserve. There is no other entry in capital reserve account.

(C) A plant was sold for Rs 12,000 (WDV-RS 15,000)

(D) Dividend received amounted to Rs 2,100 which includes *pre-acquisition dividend of Rs 600*.

(E) An Interim dividend of Rs 10,000 has been paid in 2014-2015.

You are required to prepare

a) Statement of changes in working capital for the year ended 31-3-15 and Fund flow statement. All workings should form part of your answer.

20. From the following Balance Sheets of Exway Ltd. as at 31st March, 2019 and 31st March, 2020 respectively prepare Cash Flow Statement by Indirect method.

(A)

Particulars	31- 03- 2019	31- 03- 2020
I. Equity and Liabilities		
<i>Shareholders' Funds:</i>		
Share capital:		
Equity Share Capital of ₹10 each fully paid	30,00,000	32,00,000
10% Redeemable Preference Share Capital	10,00,000	5,00,000
Reserves and surplus:		
Securities Premium Reserve	3,00,000	2,70,000
Capital Redemption Reserve	---	3,00,000
General Reserve	5,00,000	3,00,000
Surplus A/c	3,20,000	4,30,000
<i>Non- Current Liabilities:</i>		
Secured Loan	8,80,000	9,70,000
<i>Current Liabilities:</i>		
Surplus Creditors	16,00,000	25,00,000
Proposed dividend	4,00,000	5,30,000
TOTAL	<u>80,00,000</u>	<u>90,00,000</u>
II. Assets		
<i>Non- current Assets:</i>		
(a) Fixed Assets:		
Land at cost	2,00,000	2,00,000
Buildings at cost less depreciation	3,00,000	2,75,000
Plant and Machinery at cost less depreciation	27,00,000	30,00,000

(b) Investments at cost	8,00,000	8,50,000
<i>Current Assets:</i>		
Stock in trade	16,00,000	26,00,000
Book Debts	20,00,000	18,75,000
Cash& Bank balances	50,000	25,000
Loans& Advances	3,50,000	1,75,000
TOTAL	80,00,000	90,00,000

a) During the year 5,000 redeemable preference shares ₹100 were redeemed at a premium of 10%. The premium was paid out of Securities premium a/c. For this purpose, 20,000 equity shares were issued fully paid for cash at a premium of 10%. The Capital redemption reserve was credited out of transfer from General reserve.

b) Depreciation provided during the year was: on building ₹25,000; on P&M ₹3,00,000.

c) A plant (original cost ₹95,000, depreciation provided till 31- 03- 2019 ₹78,000) was sold for ₹35,000 and profit on sale was transferred to P/L A/c.

d) Dividend proposed for 2019 was fully paid in 2020

21. From the following information, prepare a summarized Balance sheet as on 31st March 2016.

a. Working Capital	1,20,000
b. Reserves & Surplus	80,000
c. Bank Overdraft	20,000
d. Proprietary Ratio	0.75(Fixed Assets : Shareholders' fund)
e. Current Ratio	2.5
f. Liquid Ratio	1.5

(A)

22. 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.

(A)

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

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 re 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.

(5 x 2 = 10)

OBE: Questions to Course Outcome Mapping

CO	Course Outcome Description	CL	Questions	Total Wt.
----	----------------------------	----	-----------	-----------

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

Year End	Index
----------	-------