

**M.Com. DEGREE (C.S.S.) EXAMINATION, JANUARY 2015****Third Semester**

Faculty of Commerce

**MA 03 C11—MANAGEMENT ACCOUNTING**

(2012 Admission onwards)

Time : Three Hours

Maximum Weight : 30

**Section A***Answer any five questions.**Weight 1 each.*

1. Define management Accounting
2. What are financial statements ?
3. What are leverage Ratio ?
4. What is P.E. Ratio ?
5. What is fund from operation ?
6. How will you calculate cash from operation ?
7. Explain the merits of Price level accounting ?
8. What do you mean by inflation accounting ?

(5 × 1 = 5)

**Section B***Answer any five questions.**Weight 2 each.*

9. What are the differences between management accounting and cost accounting ?
10. "Ratio analysis is a tool to examine the health of a business with a view to make the financial results more intelligible". Explain?
11. Calculate cash from the operation :

		31-3-2012	31-3-2013
Profit and loss appropriation account	...	20000	30000
Bills Receivable	...	14000	18000
Provision for depreciation	...	30000	32000
Outstanding Rent	...	1600	4000
Prepaid insurance	...	1400	1200
Goodwill	...	20000	16000
Stock	...	14000	18000

**Turn over**



12. Gross profit ratio-10 %, Stock Velocity-5 times, Debtors velocity-4 months, Creditors velocity-3 months, Gross profit during the period—1,20,000, Closing stock is 10,000 more than opening stock.

Calculate :

(a) Sales ; (b) Closing stock ; (c) Sundry debtors ; and (d) Sundry creditors.

13. From the following information, prepare a statement of sources and application of funds for the year 2013

- (a) Increase in working capital Rs. 8,000.
- (b) Netprofit, before writing off goodwill and charging dividend Rs. 10,750.
- (c) Depreciation provided Rs. 1,750.
- (d) Dividend paid Rs. 4,500.
- (e) Goodwill Rs. 8,000 written off out of profit.
- (f) Rs. 7,000 share capital was issued for cash.
- (g) Machinery was purchased for cash Rs. 18,000.

14. From the following information calculate debtors turnover ratio and stock turnover ratio

Total sales—2,00,000, Stock (1-4-2012)—20,000, Debtors (1-4-2012)—20,000, Cash sales—40,000, Carriage inwards—5,000, Debtors (31-3-2013)—60,000, Stock (31-3-2013)—10,000, Purchases—50,000.

15. Prepare a common size income statement from the following information :

Sales—8,00,000, Cost of sales—5,40,000, Commission paid—40,000, Net profit—1,60,000, Interest received—50,000, Salaries and wages—80,000, Interest paid—30,000.

16. Discuss briefly the essentials of good reporting system ?

(5 × 2 = 10)

### Section C

Answer any **three** questions.  
Weight 5 each.

17. From the Balance Sheet given below prepare a Statement showing application and Sources of funds for the year 2013

*Balance Sheet as on 31-12-2013*

<i>Liabilities</i>	2012	2013	<i>Assets</i>	2012	2013
Equity Share Capital	3,00,000	350,000	Fixed Assets (net)	5,10,000	6,20,000
8 % Preference Share	2,00,000	100,000	Investments	30,000	80,000
Capital	1,00,000	200,000	Current Assets	2,40,000	3,75,000
Debentures	1,10,000	270,000	Discount on	10,000	5,000
Reserves & Surplus	80,000	160,000	Debentures		
Current Liabilities					
	<u>7,90,000</u>	<u>10,80,000</u>		<u>7,90,000</u>	<u>10,80,000</u>



You are informed that during the year :

- (i) Machine with a book value of Rs. 40,000 was sold for Rs. 2500.
- (ii) Preference shares redemption was done at a premium of 15 % on 31.12.2013.
- (iii) Dividend at 15 % was paid on equity share for 2013.
- (iv) Depreciation charged during the year was Rs. 60,000

18. Summarised Balance Sheets of a Company for the years ended 31<sup>st</sup> March 2012 and 31<sup>st</sup> March 2013 are reproduced as under

<i>Particulars</i>		31-03-2012	31-03-2013
<i>Liabilities</i>			
Equity Capital	...	60,00,000	60,00,000
General Reserve	...	30,90,000	34,10,000
Profit and Loss Account	...	1,50,000	1,80,000
9 % Debentures	...		15,00,000
Sundry Creditors	...	1,30,000	3,70,000
Proposed Dividend	...	1,80,000	
		<hr/>	<hr/>
		95,50,000	1,14,60,000
		<hr/>	<hr/>
<i>Assets</i>			
Land and Building less Depreciation	...	14,20,000	17,50,000
Plant and Machinery less Depreciation	...	31,00,000	37,50,000
Furniture and Fixtures less Depreciation	...	8,40,000	9,80,000
Investment	...	50,000	60,000
Stock	...	3,40,000	4,20,000
Debtors	...	30,00,000	36,00,000
Cash at Bank	...	8,00,000	9,00,000
		<hr/>	<hr/>
		95,50,000	1,14,60,000
		<hr/>	<hr/>

Turn over



Additional information for the year ended 31-03-2013

- (a) Dividend of Rs. 1,80,000 for the year ended 31-03-2012 was paid during 2013
- (b) Investment costing Rs. 10,000 was sold for Rs. 12,000
- (c) Depreciation charged to Profit and Loss Account for the year ended 31-03-2013 as follows :  
Land and Building—Rs. 42,000, Plant and Machinery—Rs. 4,74,000 Furniture and Fixtures—Rs. 1,84,000.
- (d) Sale of fixed assets—Machinery Sale value Rs. 1,00,000 (WDV Rs. 2,20,000)  
Furniture Sale Value Rs. 30,000 (WDV Rs. 20,000)

Prepare the cash flow statement for the year ended 31-03-2013 together with the relevant ledger accounts.

19. From the following information, prepare a Summarised Balance Sheet as on 31-3-2013 :—

- (a) Annual sales Rs. 50,00,000.
- (b) Sales/Fixed assets : 6 times.
- (c) Total assets/Networth : 3.5 times.
- (d) Sales/Current assets : 8 times.
- (e) Sales/Inventory: 15 times.
- (f) Current ratio 2.5 times.
- (g) Sales/Debtors : 18 times.

20. Discuss briefly about important ratios under the head (a) Liquidity ratio ; (b) Leverage ratio, (c) Activity ratio ; and (d) Profitability ratio

21. Discuss briefly about the various Techniques and Tools of Financial Statement Analysis ?

(3 × 5 = 15)