

M. COM. DEGREE (C.S.S.) EXAMINATION, OCTOBER 2016
SEMESTER III - COMMERCE
C03C11TM - MANAGEMENT ACCOUNTING

Time: Three Hours

Maximum Marks: 75

PART A

I. Answer any five questions, each question carries 3 marks

1. What do you mean by accounting ratios?
2. What are the duties of management accountant?
3. Explain any 3 uses of Cash flow statement.
4. A machine was purchased on 1.1.2010 at 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 1.1.2015 and Rs. 20,00,000 on 31.12.2015. Calculate the amount of depreciation adjustment.
5. How does management accounting differ from financial accounting?
6. What are common size financial statements?
7. Write any 4 limitations of financial analysis.

(5x3=15)

PART B

II. Answer any six questions, each question carries 5 marks

8. Calculate fund from operation from the following Trading and Profit & Loss account.

Particulars	Rs.	Particulars	Rs.
To Opening stock	30,000	By Sales	3,10,000
To Purchase	1,20,000	By Closing Stock	45,000
To Wages	25,000		
To Gross Profit	1,80,000		
	3,55,000		3,55,000
To Salary	35,000	By Gross Profit	1,80,000
To Electricity	10,000	By Profit on sale of Land	20,000
To Rent	12,000		
To Depreciation	32,000		
To Loss on sale of Machinery	11,000		
To Provision for tax	25,000		
To Net Profit	75,000		
	2,00,000		2,00,000

9. Following information is given to you.
 1). Current Ratio=2.8 2). Working Capital=Rs.1,62,000 3) Acid test ratio=1.5
 Find out: a) Current Assets b) Current Liabilities c) Liquid assets.
10. Explain the limitations of cost accounting.

11. Prepare a comparative income statement of K Ltd. for the following P&L a/c for the year ended 31st march 2006 & 2007.

Profit & Loss Account for the year ended 31st march 2006 & 2007.

Particulars	2006 Rs.	2007 Rs.	Particulars	2006 Rs.	2007 Rs.
To Cost of goods sold	7,00,000	8,90,000	By Sales	10,00,000	12,00,000
To Operating expenses					
Administrative exp.	90,000	1,40,000			
Selling expenses	60,000	40,000			
To Net Profit	1,50,000	1,30,000			
	10,00,000	12,00,000		10,00,000	12,00,000

12. Explain the requisites of a good report.
13. 'Accounting provides information to various users'. Discuss accounting as an information system.
14. From the following information, calculate Operating Profit Ratio:
 Cost of goods sold=Rs.4, 00,000
 Administrative and Office Expenses =Rs. 35,000
 Selling & Distribution Expenses=Rs.45,000
 Net Sales=Rs.6,00,000
15. Distinguish between Fund Flow statement and Cash Flow statement.
16. Calculate Working Capital from the following:

Particulars	31 st March 2006 Rs.	31 st March 2007 Rs.
S. Debtors	40,000	60,000
S. Creditors	30,000	35,000
Bank Overdraft	7,000	5,000
Outstanding Expenses	11,000	9,000
Outstanding Income	5,000	7,000
Expenses paid in advance	4,000	6,000
Income received in advance	8,000	3,000
Stock	10,000	12,000
Cash	14,000	20,000

(6x5=30)

PART C

III. Answer any *two* questions, each question carries 15 marks

17. What do you mean by Financial statement analysis? State the different types of financial analysis.
18. From the following Balance Sheets of a company as on 31st December 2005 and 2006 you are required to prepare a fund flow statement:

Liabilities	2005	2006	Assets	2005	2006
Share Capital	4,00,000	5,00,000	Land & Buildings	4,00,000	4,80,000
General Reserve	80,000	1,40,000	Machinery	3,60,000	2,60,000
P&L A/c	64,000	78,000	Stock	2,00,000	2,52,000
Bank Loan [long term]	3,20,000	80,000	Debtors	1,60,000	1,28,000
Creditors	3,00,000	2,60,000	Cash at Bank	1,04,000	18,000
Provision for taxation	60,000	80,000			
	12,24,000	11,38,000		12,24,000	11,38,000

Additional information:

1. During the year ended 31st December 2006 dividend of Rs. 84,000 was paid.
2. Assets of another company were purchased for a consideration of Rs. 1,00,000 payable by the issue of shares. The assets included land and buildings of Rs. 50,000 and stock Rs.50,000.
3. Depreciation written off on machinery is Rs. 24,000 and on land & buildings is Rs.45,000.
4. Income tax paid during the year was Rs.70,000.
5. Additions to buildings were of Rs. 75,000.

19. Prepare a common size Balance sheet of K Ltd. and M Ltd. from the Balance sheet as on 31st March 2007.

Balance Sheets as on 31st March 2007

Particulars	K Ltd. Rs.	M Ltd. Rs.	Particulars	K Ltd. Rs.	M Ltd. Rs.
Equity Share Capital	9,00,000	5,00,000	Land and Buildings	7,00,000	5,00,000
Preference S. Capital	2,50,000	2,00,000	Plant & Machinery	6,00,000	4,00,000
Reserves & Surplus	1,40,000	70,000	Furniture & Fittings	3,00,000	1,00,000
Debenture	2,00,000	1,00,000	Stock	61,000	30,000
Loan	2,20,000	2,00,000	Debtors	35,000	25,000
Sundry Creditors	30,000	25,000	Cash	54,000	50,000
Bills Payable	17,000	15,000	Prepaid Expenses	20,000	15,000
Outstanding Expenses	13,000	10,000			
	17,70,000	11,20,000		17,70,000	11,20,000

20. Discuss in detail the various techniques of accounting for price level changes.

(2x15=30)