

M.Com. DEGREE (C.S.S.) EXAMINATION, JANUARY 2014**Third Semester****Faculty of Commerce****MA 03C 11—MANAGEMENT ACCOUNTING**

Time : Three Hours

Maximum Weight : 30

Section A*Answer any five questions.**Each question carries a weight of 1.*

1. Mention four objectives of Management Accounting.
2. What do you mean by horizontal analysis and vertical analysis ?
3. What is Capital Gearing Ratio ?
4. What do you mean by EPS ?
5. Mention any four Sources of fund and Application of fund.
6. Explain the items regarding inflow and outflow of cash.
7. Explain the concept of Price level accounting.
8. What do you mean by Replacement cost accounting ?

(5 × 1 = 5)

Section B*Answer any five questions.**Each question carries a weight of 2.*

9. What are the tools in Management Accounting ?
10. What are interfirm and intrafirm comparison ?
11. Calculate cash from the operation :

Profit made during the year Rs. 2,50,000 after considering the following information.

- (a) Depreciation of fixed assets Rs. 10,000.
 - (b) Amortization of goodwill Rs. 5,000.
 - (c) Transfer to General Reserve Rs. 7,000.
 - (d) Profit on sale of land Rs. 3,000.
12. Is depreciation a source of fund ?

Turn over

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

- (a) Decrease in working capital Rs. 10,000.
- (b) Net profit, after writing off goodwill and charging dividend, Rs. 13,750.
- (c) Depreciation provided Rs. 2,050.
- (d) Dividend paid Rs. 6,000.
- (e) Goodwill Rs. 10,000 written-off out of profit.
- (f) Rs. 10,000 debenture was issued for cash.
- (g) Land was sold for cash Rs. 38,000.
- (h) Rs. 12,000 bonus share capital issued during the period.

14. Calculate the following ratios from the details given below :

- (a) Current ratio.
- (b) Acid test ratio.
- (c) Operating ratio.
- (d) Gross profit ratio.
- (e) Working capital.

Current Assets-70,000, Current Liabilities-35,000, Stock-30,000, Sales-1,20,000, Operating Expenses-40,000, Cost of goods sold-60,000.

15. From the following information show the results of operations of a manufacturing concern using trend percentages with 2008 as base year (Amount in '000s)

	2011	2010	2009	2008
	Rs.	Rs.	Rs.	Rs.
Sales	1,300	1,200	950	1,000
Cost of goods sold	728	696	589	600
Gross profit	572	504	361	400
Total selling expenses	120	110	97	100
Net operating profit	452	394	264	300

16. Gross profit ratio-15%, Stock velocity-6 times, Debtors velocity-3 months, Creditors velocity-3 months, Gross profit during the period-60,000. Closing stock is equal to Opening stock.

Calculate :

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

(5 × 2 = 10)

Section C

Answer any three questions.

Each question carries a weight of 5.

17. The comparative Balance sheet of Mr. Tandon for the two years were as follows :

	2012	2013
<i>Liabilities</i>	Rs.	Rs.
Capital	1,50,000	1,75,000
Loan from banks	1,60,000	1,00,000
Creditors	90,000	1,00,000
Bills payable	50,000	40,000
Loan from R.F.C	—	25,000
	<u>4,50,000</u>	<u>4,40,000</u>
<i>Assets</i>		
Land and Building	1,10,000	1,50,000
Machinery	2,00,000	1,40,000
Stock	50,000	45,000
Debtors	70,000	80,000
Cash	20,000	25,000
	<u>4,50,000</u>	<u>4,40,000</u>

Additional Information :

- (a) Net profit for the year 2013 amounted to Rs. 60,000.
- (b) During the year a machine costing Rs. 25,000 (accumulated depreciation Rs. 10,000) was sold for Rs. 13,000. The provision for depreciation against machinery as on 31.12.2012 was Rs. 59,000 and on 31.12.2013 Rs. 85,000.

You are required to prepare a Cash Flow Statement.

18. From the following balance sheet for the years 2012 and 2013, prepare a schedule of changes in working capital and a funds flow statement.

<i>Particulars</i>	2012	2013	<i>Particulars</i>	2012	2013
	Rs.	Rs.		Rs.	Rs.
Share Capital	1,00,000	1,00,000	Building	50,000	45,000
General Reserve	20,000	25,000	Plant	27,800	29,000
Net Profit	18,100	19,000	Investment	15,000	18,100
Sundry Creditors	8,000	5,400	Stock	35,000	40,000

Turn over

<i>Particulars</i>	2012	2013	<i>Particulars</i>	2012	2013
	Rs.	Rs.		Rs.	Rs.
Provision for taxation	22,000	31,500	Bills Receivable	3,000	4,000
Provision for			Debtors	21,000	25,000
Doubtful Debts	2,000	2,700	Bank	19,200	18,500
	<u>1,71,000</u>	<u>1,79,600</u>		<u>1,71,000</u>	<u>1,79,600</u>

The Following additional information is also available :

- (a) Depreciation Building Rs. 4,000, Plant Rs. 3,500.
- (b) Provision for taxation of Rs. 25,000 was made during the year.
- (c) Interim dividend of Rs. 10,000 was paid during the year.

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

- (a) Working capital Rs. 2,40,000.
- (b) Reserves and Surplus Rs. 1,60,000.
- (c) Bank overdraft Rs. 40,000.
- (d) Proprietary ratio Rs. 0.75 (Fixed assets : Shareholders' fund).
- (e) Current ratio 2.5 times.
- (f) Liquid ratio 1.5 times.

20. Discuss briefly about important ratios under the head :

- (a) Liquidity ratio.
- (b) Leverage ratio.
- (c) Activity ratio.
- (d) Profitability ratio.

21. What are the advantages and disadvantages of Price Level Accounting ?

(3 × 5 = 15)