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Reg. No.....

Name.....

M.Com. DEGREE (C.S.S.) EXAMINATION, FEBRUARY 2021

Third Semester

Faculty of Commerce

MA 03 C11—MANAGEMENT ACCOUNTING

(2012—2018 Admissions)

Time : Three Hours

Maximum Weight : 30

NPC permitted.

Section A

*Answer any **five** questions.*

Each question carries 1 weight.

1. How Financial Accounting differ from Management Accounting ?
2. Give the objectives of Management Accounting.
3. What do you mean by horizontal analysis ?
4. Illustrate the methodology of trend analysis.
5. Narrate the significance of ratio analysis.
6. Write notes on ROI.
7. What are solvency ratios ?
8. Describe the principles of good reporting system.

(5 × 1 = 5)

Section B

*Answer any **five** questions.*

Each question carries 2 weight.

9. Discuss the concept of inflation accounting.
10. Explain the advantages of financial accounting.
11. Elucidate the management techniques used for decision-making.

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12. Define Management Accounting. How does it differ from cost accounting ?
13. Describe the limitations of financial statement analysis.
14. The following is the Balance Sheet of Naipunnya Limited :

<i>Liabilities</i>	Rs.	<i>Assets</i>	Rs.
Equity share capital	2,00,000	Land and Building	1,50,000
Preference share capital	2,00,000	Plant and Machinery	2,50,000
General reserve	80,000	Furniture and Fixtures	50,000
Profit and Loss a/c	40,000	Stock	1,50,000
12% Debentures	2,20,000	Debtors	70,000
Creditors	1,00,000	Bills Receivables	80,000
Bills Payable	50,000	Cast at Bank	1,00,000
		Cash in hand	40,000
Total	8,90,000	Total	8,90,000

Calculate (1) Debt-Equity ratio ; (2) Proprietary ratio ; (3) Fixed Asset to Net Worth ratio ; and (4) Capital Gearing ratio.

15. From the following statement calculate (1) Creditors turnover ratio ; (2) Fixed asset turnover ratio ; and (3) Working capital turnover ratio :

<i>Particulars</i>		Rupees
Credit purchase during 2004	...	1,05,000
Purchase returns	...	5,000
Creditors on 1.1.2019	...	20,000
Creditors on 31.12.2019	...	10,000
Bills payable on 1.1.2019	...	4,000
Bills payable on 31.12.2019	...	6,000
Sales during the year 2019	...	6,00,000
Fixed assets during 2019	...	2,00,000
Current assets during 2019	...	3,00,000
Current liabilities during 2019	...	2,00,000





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16. The following are the Balance Sheets of XYZ Ltd as on 31st March 2018 and 2019 :

<i>Liabilities</i>	2018	2019	<i>Assets</i>	2018	2019
Share capital	8,00,000	10,00,000	Plant		
Reserves and surplus	3,00,000	4,00,000	and Machinery	6,00,000	5,40,000
Debentures	2,00,000	3,00,000	Furniture		
Bills payable	60,000	40,000	and Fixtures	40,000	60,000
Sundry Creditors	2,40,000	3,60,000	Debtors and		
			Stock	7,00,000	10,00,000
			Bills Receivables	1,00,000	2,00,000
			Cash and Bank	1,60,000	3,00,000
Total	16,00,000	21,00,000	Total	16,00,000	21,00,000

Prepare a comparative Balance Sheet.

(5 × 2 = 10)

Section C

*Answer any three questions.
Each question carries 5 weight.*

17. Discuss the tools and techniques of management accounting.
18. Define financial statements with its components. Also appraise the different methods implemented for financial statement analysis.
19. Evaluate the merits and demerits of price level accounting.
20. From the following Balance Sheets of Naresh Limited, prepare a Cash Flow Statement :

<i>Liabilities</i>	31.03.2018	31.03.2019	<i>Assets</i>	31.03.2018	31.03.2019
Equity share capital	3,00,000	4,00,000	Goodwill	1,15,000	90,000
12% redeemable			Land and		
pre : shares	1,50,000	1,00,000	building	2,00,000	1,70,000
General reserve	40,000	70,000	Machinery	80,000	2,00,000
Profit and Loss a/c	30,000	48,000	Debtors	1,60,000	2,00,000
Proposed dividend	42,000	50,000	Stock	77,000	1,09,000
Creditors	55,000	83,000	Bills receivable	20,000	30,000
Bills Payable	20,000	16,000	Cash in hand	15,000	10,000
Provision for tax	40,000	50,000	Cash at bank	10,000	8,000
Total	6,77,000	8,17,000	Total	6,77,000	8,17,000

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Additional information :

- (a) Depreciation of Rs. 10,000 and Rs. 20,000 has been charged on machinery and land and buildings respectively in the year 2019.
- (b) An interim dividend of Rs. 20,000 has been paid in October, 2018.
- (c) Rs. 35,000 income tax was paid during the year 2018-19.

21. With the following ratios and further information given below, prepare a trading Account, Profit and Loss Account and a Balance Sheet of Shri Ramdas :

1	Gross profit ratio	..	25%
2	Stock turnover ratio	..	10
3	Capital to total liabilities	..	1/2
4	Fixed assets/Total current assets	..	5/7
5	Closing stock	..	1,00,000
6	Net profit/sales	..	20%
7	Net profit/capital	..	1/5
8	Fixed assets/capital	..	5/4
9	Fixed assets	..	10,00,000

22. Following are the summarized Balance Sheets of Comet Ltd as on 31.12.2018 and 31.12.2019 :

<i>Liabilities</i>	2018	2019	<i>Assets</i>	2018	2019
Share capital	4,50,000	4,50,000	Fixed Assets	4,00,000	3,20,000
General Reserve	3,00,000	3,10,000	Investments		
P and L A/C	56,000	68,000	(non-current)	50,000	60,000
Creditors	1,68,000	1,34,000	Stock	2,40,000	2,10,000
Provision for tax	75,000	10,000	Debtors	2,10,000	4,55,000
Loan from			Cash at bank	1,49,000	1,97,000
Canara bank	—	2,70,000			
Total	10,49,000	12,42,000	Total	10,49,000	12,42,000





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Additional information :

- (a) Investment costing Rs. 8,000 were sold during the year 2019 for Rs. 8,500.
- (b) Provision for tax made during the current year was Rs. 9,000.
- (c) During 2019, part of fixed assets, costing Rs. 10,000 was sold for Rs. 12,000. The profit was included in P and L Account.
- (d) Dividend paid during the year amounted to Rs. 40,000.

Prepare (a) Schedule of changes in working capital ; and (b) A fund flow statement.

(3 × 5 = 15)

