

M.Com. DEGREE (C.S.S.) EXAMINATION, JANUARY 2016**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.
Each question carries weight 1.*

1. What is Management Accounting ?
2. What is Financial Statement ?
3. What is Comparative Financial Statement ?
4. List out the techniques of Management Accounting.
5. State the significance of Current Ratio.
6. What is DU-Point chart ?
7. Distinguish between Fund flow statement and Income statement.
8. How will you determine the Cash flows from operating activities ?

(5 × 1 = 5)

Section B

*Answer any five questions.
Each question carries weight 2.*

9. Differentiate between Management Accounting and Cost Accounting.
10. Narrate the steps for Installation of Management Accounting System.
11. Explain the advantages and limitations of Ratio Analysis.
12. What is Fund Flow Statement ? Explain its objectives and uses.
13. What is Inflation Accounting ? Narrate its features.
14. What are Liquidity Ratios ? Explain the significance of various liquidity ratios.
15. What is Working Capital ? Describe the determinants of working capital.

Turn over

16. From the following evaluate average payment period :

	Rs.
Total purchases	4,00,000
Cash purchases	50,000
Purchase return	20,000
Closing creditors	60,000
Closing bills payable	20,000
Reserve discount on creditors	5,000

(5 × 2 = 10)

Section C

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

17. Describe the nature, objectives and limitations of Financial statement.
18. What is Cash Flow Statement ? Narrate its uses. Also briefly explain the procedure for preparing cash flow statement.
19. Following information is given to you :

	Rs.
(i) Current liabilities	1,00,000
(ii) Reserves and Surplus	50,000
(iii) Bills payable	40,000
(iv) Debtors	35,000
(v) Current ratio	1.75
(vi) Acid-test ratio	1.15
(vii) Fixed assets to proprietor's fund	.75 : 1 : 00 (.75 : 1 : 00)

The current assets of the firm consist of debtors, stock and cash. The firm does not have any long-term liability. You are required to prepare a balance sheet.

20. The following are the summarised Balance sheets of Happy Textiles Ltd., as on 31st March, 2013 and 2014. You are required to prepare :

- (a) A schedule of changes in working capital.
 (b) A statement showing sources and application of fund.

<i>Liabilities</i>	2013	2014	<i>Assets</i>	2013	2014
Share capital	40,000	40,000	Fixed Assets	41,000	40,000
7 % Redeemable } preference share }	—	10,000	Less Depreciation	11,000	15,000
Debentures	6,000	7,000	Book value	30,000	25,000
General Reserve	2,000	2,000	Stock	30,000	35,000
Profit and loss A/c	1,000	1,200	Debtors	20,000	24,000
Creditors	12,000	11,000	Prepaid expenses	300	500
Provision for Tax	3,000	4,200	Cash	1,200	3,500
Proposed Dividend	5,000	5,800			
Provision for Bad Debts	12,500	6,800			
Total	81,500	88,000		81,500	88,000

21. From the following data of P.N.R.A. Ltd, for the year ended 31st March 2014, prepare cash flow statement :

- (i) Cash sales for the year Rs. 80,000.
- (ii) Credit sales totalled Rs. 1,40,000 ; Closing balance of debtors being Rs. 34,000.
- (iii) Credit purchases Rs. 1,20,000 ; Closing balance of creditors being Rs. 40,000.
- (iv) Total salaries due for the year Rs. 25,000 ; Salaries still outstanding Rs. 5,000.
- (v) Depreciation on machinery Rs. 60,000.
- (vi) Goodwill written off Rs. 5,000.
- (vii) Issue of Rs. 40,000 equity shares of Rs. 10 at a premium of Rs. 2 per share.
- (viii) Issue of equity shares of Rs. 10,00,000 as a purchase consideration of building valuing Rs. 12,00,000.
- (ix) Purchase of equipment for cash Rs. 1,68,000.

Turn over

(x) Dividend of last year amounting to Rs. 40,000 was paid. Dividend of Rs. 1,00,000 were declared but not yet paid.

(xi) An equipment having a book value of Rs. 20,000 was sold for Rs. 24,000.

(xii) Cash and cash equivalents in the beginning Rs. 28,000 and at the end Rs. 4,10,000.

22. The income statements of a concern are given for the years ending on 31st December 2012 and 2013. Rearrange the figures in a comparative form.

	2012 Rs. ('000)	2013 Rs.('000)
Net sales	785	900
Cost of goods sold	450	500
Administrative expenses	70	72
Selling expenses	80	90
Non-operating Expenses :		
Interest paid	25	30
Income Tax	70	80

Also interpret the Comparative Income statement.

(3 × 5 = 15)