

19002152



Reg. No.....

Name.....

**M.Com. DEGREE (C.S.S.) EXAMINATION, NOVEMBER 2019**

**Third Semester**

Faculty of Commerce

MA 03 C11—MANAGEMENT ACCOUNTING

(2012—2018 Admissions)

Time : Three Hours

Maximum Weight : 30

**Section A**

*Answer any five questions.  
Each question carries 1 weight.*

1. Define the term 'Capital Gearing'.
2. What do you mean by the term 'Capital Employed'.
3. What is Trend Analysis ?
4. What are Comparative Statements ?
5. Define Management Accounting ?
6. What is Inflation Accounting ?
7. Define the term 'Fund'.
8. What is Cash Flow Statement ?

(5 × 1 = 5)

**Section B**

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

9. What are the uses of Cash Flow Statement ?
10. Distinguish between Cash Flow Statement and Fund Flow Statement.
11. Calculate : (1) Current Assets ; (2) Liquid Assets ; and (3) Inventory. From the following :

Current ratio	...	2
Liquid ratio	...	1.5
Current Liabilities	...	Rs. 80,000
Prepaid Expenses	...	Rs. 2,000

**Turn over**

12. What are the limitations of Financial Accounting ?
13. What are Fund From Operations ? How are they ascertained ?
14. What are Solvency ratios ? How are they interpreted ?
15. What are the different methods of Financial Analysis ?
16. From the following information prepare a Comparative income statement showing the percentage of increase or decrease in 2016 over 2015 :

		2015	2016
Sales	...	1,00,000	1,80,000
Material Consumed	...	40,000	72,000
Expenses	...	20,000	36,000
Income Tax	...	10,000	18,000
Profit	...	30,000	54,000

(5 × 2 = 10)

### Section C

*Answer any three questions.*

*Each question carries 5 weight.*

17. What do you mean by Inflation Accounting ? What are the different methods of Accounting for Price level changes ?
18. Prepare Balance Sheet of the Company from the following figures and ratios :

Sales	...	Rs. 30,00,000
Gross Profit Ratio	...	25 %
Fixed assets turn over ratio	...	1.5
Stock turn over ratio	...	6
Current ratio	...	1.5
Liquid ratio	...	1.0
Debt collection period	...	2 months
Reserves to Share Capital	...	0.60
Capital Gearing ratio	...	0.50
Fixed assets to net worth	...	1.20

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19. The Comparative Balance Sheets of a Company are given below. You are required to prepare a Cash Flow Statement :

<i>Liabilities</i>	2015 Rs.	2016 Rs.	<i>Assets</i>	2015 Rs.	2016 Rs.
Share Capital	35,000	37,000	Cash	4,500	3,900
Debentures	6,000	3,000	Debtors	7,450	8,850
Creditors	5,530	6,320	Stock	24,600	21,350
Profit and Loss a/c	5,020	5,280	Land	10,000	15,000
			Goodwill	5,000	2,500
	51,550	51,600		51,550	51,600

Additional Information :

- Dividends were paid totalling Rs. 1,750.
- Land was purchased for Rs. 5,000 and the amount provided for amortization of goodwill totalled Rs. 2,500.
- Debenture loan was repaid Rs. 3,000.

20. "Management Accounting is accounting for Effective Management". Explain this statement.

21. Prepare Fund Flow Statement from the following details of Balance Sheets of ABC Ltd., as on 31.3.2015 and 31.3.2016 :

<i>Liabilities</i>	2015 Rs.	2016 Rs.	<i>Assets</i>	2015 Rs.	2016 Rs.
Equity Share Capital	50,00,000	55,00,000	Goodwill	5,00,000	4,20,000
Capital Reserve	—	2,50,000	Land and Building	20,00,000	18,00,000
General Reserve	4,00,000	6,00,000	Plant and Machinery	22,00,000	31,00,000
Profit and Loss a/c	5,30,000	6,70,000	Investment	2,00,000	3,50,000
Proposed dividend	8,00,000	11,00,000	Stock	8,60,000	12,70,000
Bills Payable	2,00,000	1,80,000	Debtors	10,20,000	13,00,000
Creditors	3,50,000	4,60,000	Cash in hand	8,20,000	9,60,000
Provision for Tax	4,00,000	5,00,000	Share issue expenses	80,000	60,000
	76,80,000	92,60,000		76,80,000	92,60,000

Turn over



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**Additional Information :**

- 1 A machine (original cost Rs. 2,80,000, Book value Rs. 1,70,000) was sold during the year for Rs. 1,50,000).
  - 2 Depreciation for 2015–2016 was amounted to Rs. 3,00,000 on plant and machinery and Rs. 50,000 on land and building.
  - 3 A piece of land has been sold out on 01.11.2015 and the profit on sale has been credited in Capital Reserve.
  - 4 An interim dividend of Rs. 2,50,000 has been paid during the year 2015–2016.
  - 5 Income tax paid during the year 2015–16, amounted to Rs. 3,80,000.
22. What are accounting ratios? List out the important ratios and their significance in financial analysis.

(3 × 5 = 15)