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**PRESIDENCY UNIVERSITY
BENGALURU**

SCHOOL OF COMMERCE

Test – 1

Winter Semester: 2021 - 22

Course Code: COM 402

Course Name: MANAGEMENT ACCOUNTING

Program: B.Com /Prof & Hons & IV Sem

Date: 25th April 2022

Time: 03:00 PM to 04:00 PM

Max Marks: 30

Weightage: 15%

Instructions:

(i) *Read the question carefully and answer all the questions.*

Part A [Memory Recall Questions]

Answer all the Questions. Each Question carries ONE mark. (10Qx1M=10M)

1. Which area of accounting deals with reduction and control of manufacturing expenses? (CO1, Knowledge)
A. Management Accounting B. Cost Accounting
C. Financial Accounting D. Financial Management
2. Which area of accounting deals with decision making activities? (CO1, Knowledge)
A. Management Accounting B. Cost Accounting
B. Financial Accounting D. Financial Management
3. Which one of the following is not the feature of Management Accounting? (CO1, Knowledge)
A. Providing Accounting Information B. Cause and effect analysis
C. Use of Special Techniques and concepts D. Preparation of financial Statements
4. The _____ supplies accounting information to the management. (CO1, Knowledge)
A. Management accountant B. Management Auditor
C. Financial Manager D. Financial Accountant
5. Which kind of Information helps management accountant to interpret the financial Statements? (CO1, Knowledge)
A. Future Data B. Historical data C. Cost data D. None of the Above
6. Which area helps in controlling the purchase of stock in bulk? (CO1, Knowledge)
A. Logistics B. Finance C. Inventory management D. All of the above

7. _____ is necessary to judge the performance of every department. (CO1, Knowledge)
- A. External Audit Department B. Internal audit system
 C. Good Supply chain management D. Good Manager in each department
8. Management Accounting Reports are prepared Every _____? (CO1, Knowledge)
- A. Year B. Day C. Quarter D. Whenever it is required
9. Which domain doesn't come under the purview of any Accounting standards? (CO1, Knowledge)
- A. Management Accounting B. Cost Accounting
 C. Financial Accounting D. All of the Above
10. Which one of the below follows Vertical analysis? (CO1, Knowledge)
- A. Comparative Balance Sheet B. Common size Sheet Balance Sheet
 C. Cost Sheet D. None of the above

Part B [Thought Provoking Questions]

Answer both the Questions. Each Question carries FIVE marks. (2Qx5M=10M)

11. The Following are income statement of a concern given for the year ended 31 march 2019 and 2020. Rearrange the figures in a comparative form and study the profitability positions of the concern. (CO1, Application)

PARTICULARS	2019	2020
Net Sales	7,85,000	9,00,000
COGS	4,50,000	5,00,000
Operating Expenses:		
General Administration Expenses	70,000	72,000
Selling Expenses	80,000	90,000
Non Operating Expenses :		
Interest Paid	25,000	30,000
Income Tax	70,000	80,000

12. From the following information interpret the results of operations of a manufacturing concern using trend ratios. (CO1, Application)

Particulars	2017	2018	2019	2020
Net Sales	1,00,000	98,000	1,20,000	1,30,000
COGS	60,000	58,900	69,600	72,800
Gross Profits	40,000	39,100	50,400	57,200
Operating Expenses	10,000	9,700	11,000	12,000
Net Operating Profits	30,000	29,400	39,400	45,200

Part C [Problem Solving Questions]

Answer the Question. Question carries TEN marks.

(1Qx10M=10M)

13. Following are the two Balance sheets of A Ltd., and B Ltd., on 31-3-2020. From the above data, prepare a common size statement and make comments. (CO1, Application)

Assets:	A Ltd. Rs.	B Ltd. Rs.
Cash	27	72
Sundry debtors	220	226
Stock	100	174
Prepaid expenses	11	21
Other current assets	10	21
Fixed assets(net)	<u>635</u>	<u>513</u>
Total Assets	<u>1003</u>	<u>1027</u>
Liabilities & Capital:		
Sundry creditors	42	154
Other Current liabilities	78	62
Fixed liabilities	225	318
Capital	<u>658</u>	<u>493</u>
Total Liabilities	<u>1003</u>	<u>1027</u>



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**PRESIDENCY UNIVERSITY
BENGALURU**

SCHOOL OF COMMERCE

Semester & AY: Even 2021-22

Test – 2

Date: 31st May 2022

Course Code : COM 402

Time: 03:00 PM to 04:00 PM

Course Name: MANAGEMENT ACCOUNTING

Max Marks: 30

Program : B.Com /Prof & Hons

Weightage: 15%

Instructions:

(i) Read the question carefully and answer all the questions

PART A (Memory Recall Questions)

**Answer all the Questions. Each Question carries ONE mark
(10Qx1M=10M)**

- 1) Which of the following is not an advantage of Ratio Analysis? **(CO2, Knowledge)**
a. Helps to understand efficiency of decisions
b. Simplify complex figures and establish relationships
c. Helps in solving problems. d. Enables SWOT analysis
- 2) Ratios can be expressed in which of the following ways: **(CO2, Knowledge)**
a. Percentage b. Proportions c. Only A d. Both A & B
- 3) Which is considered as the Ideal ratio for current ratio? **(CO2, Knowledge)**
a. 1:2 b. 2:1 c. 3:1 d. 1:4
- 4) Mention one of the limitations of Ratio analysis. **(CO2, Knowledge)**
- 5) Match the following: **(CO2, Knowledge)**
i) Cash ratio a) Operating expenses
ii) Operating ratio b) Cash equivalents
iii) Proprietary ratio c) Profit before interest & tax
iv) Interest coverage ratio d) Equity
- 6) Write the formula for Liquid assets. **(CO2, Knowledge)**

7) Identify whether the statement is True or False: **(CO2, Knowledge)**

Ratio analysis helps to know about the potential areas which can be improved with the effort in the desired direction.

8) Which one of the following is not an example for P & L ratio? **(CO2, Knowledge)**

- a. GP Ratio b. NP Ratio c. Debt Ratio d. Operating Ratio

9) Shareholders Fund is also called as _____ **(CO2, Knowledge)**

- a. Non-current Assets b. Proprietors Fund c. Current Assets d. Liabilities

10) Name the fixed charges as per capital gearing ratio. **(CO2, Knowledge)**

PART B (Thought Provoking Questions)

**Answer all the Questions. Each Question carries ONE marks
(2Qx5M=10M)**

11) **Given the following information:**

10% Preference share capital 1,00,000

Equity capital 2,50,000

Reserves 10,000

General Reserves 60,000

Long-term liabilities 4,00,000

Short-term liabilities 50,000

Calculate Shareholders Fund.

(CO2, Application)

12) **Calculate Solvency Ratios**

PARTICULARS	AMOUNT
Reserves & Surplus	1,00,000
Equity share capital	4,00,000
Preference share capital	2,00,000
Debentures	5,00,000
Current Liabilities	1,50,000
Preliminary expenses	50,000
Net profit	1,00,000
Tax	30,000
Interest expense	20,000

(CO2,

Application)

PART C (Problem Solving Questions)

Answer the Question. The Question carries TEN marks
(1Qx10M=10M)

13) Calculate Liquidity Ratios & Profitability ratios based on sales and comment.

Trading and P&L account for the year ended March 2020:

PARTICULARS	AMOUNT	PARTICULARS	AMOUNT
To opening stock	1,00,000	By Sales	5,60,000
To purchases	3,50,000	By closing stock	1,00,000
To wages	9,000		
To Gross profit	2,01,000		
	6,60,000		6,60,000
To Operating expenses	1,09,000	By Gross profit	2,01,000
To Non-operating expenses	30,000	By Non-operating income	18,000
To Net profit	80,000		
	2,19,000		2,19,000

Balance sheet as on 31st March 2020:

PARTICULARS	AMOUNT
1. Equity and Liabilities	
1) Shareholder's funds	
a) Share capital	24,00,000
b) Reserves & Surplus	6,00,000
2. Non-current Liabilities	
Long term borrowings	9,00,000
3. Current Liabilities	
a) Short term borrowings	6,00,000
b) Trade payables	23,40,000
c) Short term provisions	60,000
TOTAL	69,00,000
II. Assets	
1. Non-current Assets	
Fixed assets	
Tangible assets	45,00,000
2. Current assets	
a) Inventories	12,00,000
b) Trade receivables	9,00,000
c) Cash & cash equivalents	2,28,000
d) Short-term loans and advances	72,000
TOTAL	69,00,000

(CO2,

Application)

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**PRESIDENCY UNIVERSITY
BENGALURU**

SCHOOL OF COMMERCE

END-TERM EXAMINATION

Semester & AY: IV Sem 2021-22

Course Code : COM 402

Course Name: MANAGEMENT ACCOUNTING

Program : B.Com /Prof & Hons

Date: 28th June 2022

Time: 01:00 PM to 04:00 PM

Max Marks: 100 Page 7 of 11

Weightage: 50%

Instructions:

(ii) **Read the question carefully and answer all the questions**

PART A (Memory Recall Questions)

**Answer all the Questions. Each Question carries THREE marks.
(10Qx3M=30M)**

- 1) Write 3 limitations of Ratio Analysis? **(CO2, Knowledge)**
- 2) List down the steps in fund flow statement preparation. **(CO3, Knowledge)**
- 3) Why 2:1 is considered as an ideal current ratio? **(CO2, Knowledge)**
- 4) Name the classification of cash flows as per cash flow statement. **(CO4, Knowledge)**
- 5) Match the following: **(CO2, Knowledge)**
- | | |
|---------------------------|---------------------------|
| i) Cash ratio | a) Short term investments |
| ii) Absolute liquid ratio | b) Cash equivalents |
| iii) Operating ratio | c) Fixed charges |
| iv) Capital gearing ratio | d) Operating expenses |
- 6) What is the purpose of preparing the Fund flow statement. **(CO3, Knowledge)**
- 7) Opening balance of cash= 50,000, closing balance of cash = 1,00,000. How much cash inflows and outflows must be reflected in cash flow statement? **(CO4, Knowledge)**
- 8) Mention the 5 mandatory Financial statements as per companies Act? **(CO1, Knowledge)**

9)

Particulars	2015	2016
Net Sales	7,85,000	9,00,000
Less : COGS	4,50,000	5,00,000
Gross Profit (A)	3,35,000	4,00,000

Interpret the results as per comparative financial statement analysis

Knowledge)

(CO5,

10) One of the advantage of ratio analysis is that it enables SWOT analysis. Give one example of SWOT analysis of business with the help of ratio analysis. **(CO1, Knowledge)**

PART B (Thought Provoking Questions)

**Answer all the Questions. Each Question carries 8 marks
(5Qx8M=40M)**

11) From the following information of Bhavya company limited. Prepare a Comparative income statement for the year 2019 and 2020. **(CO1, Application)**

Particulars	2019	2020
Sales	7,25,000	8,15,000
Sales returns	25,000	15,000
Incomes	1200	8000
Employee Benefit Expenses	5,95,000	6,15,000
Depreciation	12,700	12,500
Financial Expenses	23,000	24,000
Other Expenses	1500	2000

12) Calculate Solvency ratios and interpret.

PARTICULARS	DEBIT	CREDIT
Premises	30,000	
Vehicles	4,000	
Furniture	15,000	
Inventory	3,400	
Bank	2,300	
Share capital		43,500
Loan from ABC Bank		10,000
Trade receivables	2,000	
Trade payables		2,300
Debentures		8,500
Prepaid Rent	7,600	

(CO2,

Application)

13) From the following balance sheet prepare schedules of changes of working capital.

liabilities	2014	2015	Assets	2014	2015
Share capital	300000	400000	Goodwill	60000	55000
general reserve	30000	40000	Machinery	87000	110000
P& L account	26000	35000	Buildings	100000	150000
creditors	25000	30000	Debtors	65000	105000
Bills payable	12000	8000	Stock	90000	84000
o/s expenses	6000	5000	Bills receivable	16000	30000
proposed dividend	15000	20000	Cash	13000	20000
	32000	36000	bank	15000	20000

Application)

14) Financial statements can be interpreted through fund flow statement as well as cash flow statement and managers are perplexed about it. Differentiate Fund flow statement and Cash flow statement and help the manager. **(CO4, Comprehension)**

15) Management accountant prepares reports of the organizational performance based on purpose, nature and functions at regular intervals, to be submitted to the top management. Explain the kinds of reports based on all the categories. **(CO5, Comprehension)**

PART C (Problem Solving Questions)

**Answer all the Question. The Question carries 15 marks.
(2Qx15M=30M)**

16) Calculate Liquidity Ratios & Profitability ratios based on sales and comment.

Trading and P&L account for the year ended March 2019:

PARTICULARS	AMOUNT	PARTICULARS	AMOUNT
To opening stock	50,000	By Sales	2,80,000
To raw materials	1,75,000	By closing stock	50,000
To carriage inwards	4,500		
To Gross profit	1,00,500		
	3,30,000		3,30,000
To Operating expenses	54,500	By Gross profit	1,00,500
To Non-operating expenses	15,000	By Non-operating income	9,000
To Net profit	40,000		
	1,09,500		1,09,500

Balance sheet as on 31st March 2019:

PARTICULARS	AMOUNT
1. Equity and Liabilities	
1) Shareholder's funds	
a) Share capital	12,00,000
b) General reserves	3,00,000
2. Non-current Liabilities	
Long term borrowings	4,50,000
3. Current Liabilities	
a) Short term borrowings	3,00,000
b) Creditors	11,70,000

c) Short term provisions	30,000
TOTAL	34,50,000
II. Assets	
1. Non-current Assets	
Fixed assets	
Tangible assets	22,50,000
2. Current assets	
a) Stock	6,00,000
b) Debtors	4,50,000
c) Cash in hand & Cash at bank	1,14,000
d) Short-term loans	36,000
TOTAL	34,50,000

(CO2,

Application)

17) From the following balance sheet of DMKC Ltd., prepare fund flow statement.

Liabilities	2019	2020	Assets	2019	2020
Equity share capital	12,00,000	14,00,000	Land & Building	9,00,000	12,00,000
Profit & loss a/c	1,50,000	2,00,000	Plant	6,60,000	8,00,000
Debentures	6,00,000	8,00,000	Furniture & fixtures	1,70,000	2,10,000
Sundry creditors	9,00,000	10,80,000	Stock	7,20,000	9,00,000
Bills payable	1,70,000	1,90,000	Debtors	4,20,000	3,40,000
Provision for tax	10,000	20,000	Cash at bank	1,40,000	2,40,000
			Preliminary expense	20,000	-
	30,30,000	36,90,000		30,30,000	36,90,000

Additional information:

- Depreciation written off on plant Rs 60000 and on furniture Rs 30000
- Building purchased during the year Rs 300000
- Preliminary expenses written off Rs 20000

(CO3,

Application)