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**PRESIDENCY UNIVERSITY  
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**BENGALURU**

**SCHOOL OF COMMERCE**

**MAKEUP EXAMINATION-JAN 2023**

**Date:** 20-JAN-2023

**Time:** 9:30AM-12:30PM

**Course Code :** COM 402

**Course Name:** MANAGEMENT ACCOUNTING

**Max Marks:** 100

**Program :** B.Com /Prof & Hons

**Weightage:** 50%

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**Instructions:**

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

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**PART A (Memory Recall Questions)**

**Answer all the Questions. Each Question carries TWO marks. (10Qx2M=20M)**

- 1) Write 2 advantages of Ratio Analysis. **(CO2, Knowledge)**
- 2) One of the limitations of financial statement analysis is that it provides only interim reports. What are these interim reports? **(CO4, Knowledge)**
- 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) What is the significance of trend analysis in financial statements? **(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 Capital gearing ratio. **(CO2, Knowledge)**

7) 2:1 is considered as ideal ratio for current ratios. Why is it considered as ideal?

**(CO2, Knowledge)**

8) Mention the methods of Management reporting.

**(CO5, Knowledge)**

9) Gross profit= 40,000, Non-operating expense= 5,000, Non-operating income= 4,000, Operating expense= 10,000. Calculate Operating profit.

**(CO2, Knowledge)**

10) As per common size financial statement analysis, the net sales value is considered as the base value. Give the reason for sales being considered as the base value.

**(CO2, Knowledge)**

**PART B (Thought Provoking Questions)**

**Answer all the Questions. Each Question carries TEN marks**

**(4Qx10M=40M)**

11) From the following, calculate trend percentages and comment the analysis:

**(CO1, Application)**

<b>Particulars</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Sales	6,00,000	8,00,000	10,00,000
Cost of goods sold	3,00,000	5,00,000	6,00,000
Selling Expenses	1,00,000	1,50,000	2,00,000
Admin Expenses	50,000	60,000	80,000
Financial Expenses	30,000	40,000	20,000

12) Calculate the liquidity ratios from the following balance sheet and comment upon them.

<b>Liabilities</b>	<b>Amount</b>	<b>Assets</b>	<b>Amount</b>
Equity share capital	12,00,000	Goodwill	2,00,000
7% Debentures	7,10,000	Land	4,60,000
Long term debts	4,00,000	Plant	6,00,000
Bank overdraft	1,20,000	Long term Investments	6,00,000
Creditors	1,20,000	Debtors	3,00,000
Bills Payable	60,000	Bills Receivable	80,000
Liability for tax	60,000	Cash in hand	1,00,000
		Cash at Bank	1,20,000
		Stock	2,00,000
		Prepaid Rent	10,000
	<b>26,70,000</b>		<b>26,70,000</b>

**(CO2, Application)**

13) From the following balance sheets of A Ltd. You are required to prepare a schedule of changes in working capital. **(CO3, Application)**

Liabilities	31.3.2014	31.3.2015	Assets	31.3.2014	31.3.2015
	₹	₹		₹	₹
Capital	80,000	85,000	Land & buildings	50,000	50,000
Profit & loss a/c	14,500	24,500	Plant	24,000	34,000
Creditors	9,000	5,000	Stock	9,000	7,000
Mortgage	-	5,000	Debtors	16,500	19,500
			Cash at bank	4,000	9,000
	<b>1,03,500</b>	<b>1,19,500</b>		<b>1,03,500</b>	<b>1,19,500</b>

14) Write the format of cash flow statement as per Direct method. **(CO4, Comprehension)**

**PART C (Problem Solving Questions)**

**Answer all the Question. The Question carries TWENTY marks. (2Qx20M=40M)**

15) The Balance sheets of Ram & Co., and Sham & Co., are given as follows:

**Balance sheet as on 31<sup>st</sup> March 2020**

Liabilities	Ram & Co.,	Sham & Co.,
Preference Share Capital	1,20,000	1,60,000
Equity Share Capital	1,50,000	4,00,000
Reserve & Surplus	14,000	18,000
Long-term loans	1,15,000	1,30,000
Bills Payable	2,000	-
Sundry Creditors	10,000	4,000
Outstanding Expenses	17,000	6,000
Pre-received Income	<u>10,000</u>	<u>90,000</u>
	<b><u>4,38,000</u></b>	<b><u>8,08,000</u></b>
Land and Building	80,000	1,23,000
Plant and Machinery	3,34,000	6,00,000
Investment	1,000	40,000
Inventories	10,000	25,000
Debtors	4,000	8,000
Prepaid expenses	1,000	2,000
Cash and Blank Balances	<u>8,000</u>	<u>10,000</u>
	<b><u>4,38,000</u></b>	<b><u>8,08,000</u></b>

Compare the financial position of two companies with the help of common size balance sheet.

**(CO1, Application)**

16) From the following balance sheet of RK Ltd., prepare fund flow statement.

<b>Liabilities</b>	<b>2014</b>	<b>2015</b>	<b>Assets</b>	<b>2014</b>	<b>2015</b>
Equity share capita	600000	700000	Building	450000	600000
P I a/c	75000	100000	Machinery	330000	400000
Long term debt	300000	400000	Furniture	85000	105000
Creditors	450000	540000	Stock	360000	450000
Bills payable	85000	95000	Debtors	210000	170000
o/s expense	5000	10000	Cash	70000	120000
			Preliminary expense	10000	-
	<b>1515000</b>	<b>1845000</b>		<b>1515000</b>	<b>1845000</b>

**Additional information:**

- Depreciation written off on machinery Rs 30000 and on furniture Rs 15000
- Building purchased during the year Rs 150000
- Preliminary expenses written off Rs 10000

**(CO3, Application)**