

## MANAGEMENT ACCOUNTING

### CHAPTER 1: MANAGEMENT ACCOUNTING AND ANALYSIS OF FINANCIAL STATEMENTS

#### COMPARATIVE FINANCIAL STATEMENTS

- **COMPARATIVE BALANCE SHEET**
- **COMPARATIVE INCOME STATEMENTS**

#### PROBLEMS BASED ON COMPARATIVE BALANCE SHEET

1. FROM THE FOLLOWING INFORMATIONS , PREPARE COMPARATIVE BALANCE SHEET

Liabilities	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2014	Assets	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2014
Equity Share Capital	4,00,000	6,00,000	Plant And Machinery	1,00,000	2,00,000
Debentures	2,00,000	3,25,000	Land And Buildings	3,60,000	5,40,000
Sundry Creditors	2,55,000	1,17,000	Investments	2,70,000	1,70,000
Bank Overdraft	7,000	10,000	Sundry Debtors	1,00,000	88,000
			Cash In Hand	32,000	54,000
Total Liabilities	8,62,000	10,52,000	Total Assets	8,62,000	10,52,000

2. FROM THE FOLLOWING PREPARE COMPARATIVE BALANCE SHEET

Liabilities	2013	2014	Assets	2013	2014
Equity Share Capital	3,00,000	4,00,000	Goodwill	1,15,000	90,000
Redeemable Preference Shares	1,50,000	1,00,000	Land And Building	2,00,000	1,70,000
General Reserve	40,000	70,000	Plant	80,000	2,00,000
P/L Account	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 Taxation	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

3. FROM THE FOLLOWING PREPARE COMPARATIVE BALANCE SHEET

Liabilities	31/3/2013	31/3/2014	Assets	31/3/2013	31/3/2014
Equity Capital	1,00,000	1,65,000	Fixed Assets	1,20,000	1,75,000
Preference Capital	50,000	75,000	Inventory	20,000	25,000
Reserves	17,500	25,000	Debtors	50,000	62,500
Overdraft	25,000	25,000	Bills Receivables	10,000	30,000
Creditors	20,000	25,000	Prepaid Expenses	5,000	6,000
Provision For Tax	17,500	25,000	Cash In Bank	20,000	26,500
			Cash In Hand	5,000	15,000
Total	2,30,000	3,40,000	Total	2,30,000	3,40,000

4. FROM THE FOLLOWING PREPARE COMPARATIVE BALANCE SHEET( MAY 2016 QUESTION PAPER)

Liabilities	31/3/2013	31/3/2014	Assets	31/3/2013	31/3/2014
Equity Share Capital	3,00,000	4,00,000	Plant And Machinery	3,00,000	6,25,000
Preference Share Capital	2,00,000	2,50,000	Land And Building	1,80,000	2,20,000
Reserves And Surplus	1,00,000	1,90,000	Investments	1,00,000	2,00,000
10% Debentures	1,00,000	2,00,000	Stock	1,50,000	2,00,000
Sundry Creditors	2,00,000	4,10,000	Sundry Debtors	1,00,000	1,20,000
Bills Payable	Nil	50,000	Cash	70,000	1,35,000
Total	9,00,000	15,00,000	Total	9,00,000	15,00,000

5. FROM THE FOLLOWING PREPARE COMPARATIVE BALANCE SHEET( MAY 2014 QUESTION PAPER)

Liabilities	2013	2014	Assets	2013	2014
Equity Share Capital	3,25,000	1,80,000	Land And Buildings	4,50,000	2,20,000
Preference Share Capital	1,50,000	1,00,000	Machinery	3,50,000	2,50,000
Reserves And Surplus	1,25,000	1,20,000	Investments	50,000	30,000
Long Term Loans	4,50,000	2,50,000	Debtors	1,70,000	1,40,000
Bills	30,000	15,000	Cash And	55,000	20,000

Payable			Bank		
O/S Expenses	5,000	2,000	Prepaid Expenses	30,000	14,000
Creditors	20,000	7,000			
Total	11,05,000	6,74,000	Total	11,05,000	6,74,000

6. FROM THE FOLLOWING PREPARE COMPARATIVE BALANCE SHEET( MAY 2010 QUESTION PAPER)

Liabilities	2009	2010	Assets	2009	2010
Equity Share Capital	12,00,000	16,00,000	Land And Building	7,40,000	5,40,000
Reserves And Surplus	6,60,000	4,44,000	Plant And Machinery	8,00,000	12,00,000
Debentures	4,00,000	6,00,000	Furnitures	40,000	50,000
Long Term Loans	3,00,000	4,00,000	Fixed Assets	50,000	60,000
Bills Payable	1,00,000	90,000	Cash In Hand	40,000	1,60,000
Sundry Creditors	2,00,000	2,40,000	Bills Receivable	3,00,000	1,80,000
Current Liability	10,000	20,000	Sundry Creditors	4,00,000	5,00,000
			Stock	5,00,000	7,00,000
srevanth			Prepaid Expenses	-	4,000
Total	28,70,000	33,94,000	Total	28,70,000	33,94,000

PROBLEMS BASED ON COMPARITIVE INCOME STATEMENTS

1. FROM THE FOLLOWING INFORMATION, PREPARE COMPARATIVE INCOME STATEMENT

Particulars	31/3/2013	31/3/2014
Sales	10,00,000	8,00,000
Cost Of Goods Sold	6,00,000	4,00,000
Adm, Selling And Distribution Expenses	2,00,000	1,40,000
Other Incomes	40,000	20,000
Income Tax	1,20,000	1,40,000

2. FROM THE FOLLOWING INFORMATION, PREPARE COMPARATIVE INCOME STATEMENT

PROFIT AND LOSS ACCOUNT

Particulars	2009	2010	Particulars	2009	2010
To Cost Of Goods Sold	6,000	7,500	By Net Sales	8,000	10,000

To Operating Expenses					
Administrative	200	200			
Selling	300	400			
To Net Profits	1,500	1,900			
	8,000	10,000		8,000	10,000

3. FROM THE FOLLOWING INFORMATION, PREPARE COMPARATIVE INCOME STATEMENT(MAY 2014)

Particulars	2012	2013
Sales	1,00,000	1,50,000
Cost Of Goods Sold	60,000	75,000
Administration Expenses	15,000	22,500
Selling Expenses	10,000	17,500
Net Profits	15,000	35,000

4. FROM THE FOLLOWING INFORMATION, PREPARE COMPARATIVE INCOME STATEMENT(MAY 2014)

Particulars	31/3/2012	31/3/2013
Sales	21,50,000	25,00,000
Cost Of Goods Sold	13,00,000	14,50,000
Operating Expenses		
Administrative Expenses	2,10,000	1,80,000
Selling Expenses	1,90,000	2,50,000
Non Operating Expenses		
Interest	1,40,000	1,20,000
Income Tax	1,70,000	2,30,000

5. FROM THE FOLLOWING INFORMATION, PREPARE COMPARATIVE INCOME STATEMENT(MAY 2015)

Particulars	31/3/2014	31/3/2015
Sales	7,90,000	9,10,000
Return Inwards	5,000	10,000
Cost Of Goods Sold	4,50,000	5,00,000
Operating Expenses		
Administrative Expenses	70,000	72,000
Selling Expenses	80,000	90,000
Non Operating Income		
Dividend Received	10,000	20,000
Non Operating Expenses		
Interest Paid	25,000	30,000
Income Tax	30% On Profits	30% On Profits

## COMMON SIZE STATEMENTS

### PROBLEMS BASED ON COMMON SIZE BALANCE SHEET

#### 1. PREPARE COMMON SIZE BALANCE SHEET FROM THE FOLLOWING

Liabilities	2013	2014	Assets	2013	2014
Equity Share Capital	3,00,000	4,00,000	Goodwill	1,15,000	90,000
Redeemable Preference Shares	1,50,000	1,00,000	Land And Building	2,00,000	1,70,000
General Reserve	40,000	70,000	Plant	80,000	2,00,000
P/L Account	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 Taxation	40,000	50,000	Cash At Bank	10,000	8,000
<b>Total</b>	<b>6,77,000</b>	<b>8,17,000</b>	<b>Total</b>	<b>6,77,000</b>	<b>8,17,000</b>

#### 2. PREPARE COMMON SIZE BALANCE SHEET FROM THE FOLLOWING

Liabilities	M Ltd	N Ltd	Assets	M Ltd	N Ltd
Share Capital	1,60,000	2,20,000	Land And Building	94,000	2,54,000
Share Premium	-	24,000	Plant And Machinery	1,40,000	2,00,000
Reserves And Surplus	1,30,000	1,34,400	Investments	44,000	28,000
Loans	1,00,000	2,00,000	Marketable Securities	20,000	42,400
Provision For Depreciation	60,000	1,10,000	Stock	28,000	38,000
Creditors	30,000	40,000	Debtors	50,000	60,000
Bills Payable	10,000	20,000	Cash	1,14,000	1,26,000
	4,90,000	7,48,400		4,90,000	7,48,400

#### 3. FROM THE FOLLOWING BALANCE SHEET, PREPARE COMMON SIZE BALANCE SHEET

Liabilities	Vijay Com	Ajay Com	Assets	Vijay Com	Ajay Com
Equity Share Capita	2,00,000	1,00,000	Land And Building	2,00,000	1,00,000

P Share Capital	1,00,000	1,00,000	Plant And Machinery	1,50,000	50,000
Reserves And Surplus	50,000	20,000	Sundry Debtors	1,00,000	80,000
Long Term Loans	3,00,000	1,80,000	Stock	1,60,000	60,000
Creditors	60,000	30,000	Bills Receivables	80,000	70,000
Bills Payable	40,000	20,000	Cash At Bank	60,000	90,000
Total	7,50,000	4,50,000	Total	7,50,000	4,50,000

4. FROM THE FOLLOWING BALANCE SHEET, PREPARE COMMON SIZE BALANCE SHEET(MAY 2012)

Liabilities	Shashi Company	Kiran Company	Assets	Shashi Company	Kiran Company
Equity Share Capital	1,00,000	1,50,000	Land And Buildings	40,000	60,000
12% Debentures	50,000	1,00,000	Plant And Machinery	1,50,000	3,12,500
10% Preference Share Capital	1,00,000	1,25,000	Investments	50,000	1,00,000
Reserves And Surplus	50,000	60,000	Stock	75,000	1,00,000
Dividend Provisions	25,000	35,000	Sundry Debtors	50,000	60,000
Sundry Creditors	75,000	2,05,000	Cash And Bank	35,000	67,500
Bank Overdraft	NIL	25,000			
Total	4,00,000	7,00,000	Total	4,00,000	7,00,000

5. FROM THE FOLLOWING BALANCE SHEET, PREPARE COMMON SIZE BALANCE SHEET(MAY 2013)

Liabilities	31/3/2009	31/3/2010	Assets	31/3/2009	31/3/2010
Equity Share Capital	3,00,000	4,50,000	Land And Building	3,90,000	4,05,000
Preference Share Capital	1,50,000	1,50,000	Plant	1,50,000	3,60,000
Reserves And Surplus	45,000	60,000	Furniture	30,000	45,000
P/L A/C	22,500	45,000	Shares Of Other Company	37,500	75,000
Debentures	1,50,000	3,00,000	Govt Bonds	22,500	30,000

Mortgage Loan	75,000	1,12,500	Stock	75,000	1,12,500
Bank Overdraft	15,000	30,000	Debtors	1,20,000	1,76,250
Creditors	75,000	90,000	B/R	30,000	60,000
B/P	7,500	9,750	Cash And Bank	7,500	15,000
O/S Expenses	3,750	5,250	P/P Expenses	3,750	7,500
Provision For Taxation	22,500	30,000	Preliminary Expenses	15,000	11,250
Proposed Dividend	15,000	15,000			
<b>Total</b>	<b>8,81,250</b>	<b>12,97,500</b>	<b>Total</b>	<b>8,81,250</b>	<b>12,97,500</b>

### COMMON SIZE INCOME STATEMENT

1. Prepare common size income statement from the following

particulars	2013	2014
<b>Sales</b>	<b>10,00,000</b>	<b>8,00,000</b>
<b>Cost of goods sold</b>	<b>6,00,000</b>	<b>4,00,000</b>
<b>Administrative , selling and distribution</b>	<b>2,00,000</b>	<b>1,40,000</b>
<b>Other income</b>	<b>40,000</b>	<b>20,000</b>
<b>Income tax</b>	<b>1,20,000</b>	<b>1,40,000</b>

2. Prepare common size income statement from the following (may 2014)

particulars	2012	2013
<b>Sales</b>	<b>1,00,000</b>	<b>1,50,000</b>
<b>Cost of goods sold</b>	<b>60,000</b>	<b>75,000</b>
<b>Administrative expenses</b>	<b>15,000</b>	<b>22,500</b>
<b>Selling expenses</b>	<b>10,000</b>	<b>17,500</b>
<b>Net profits</b>	<b>15,000</b>	<b>35,000</b>

3. Prepare common size income statement from the following

particulars	2005	2006	particulars	2005	2006
<b>To cost of goods sold</b>	<b>1200</b>	<b>1500</b>	<b>By sales</b>	<b>1600</b>	<b>2000</b>
<b>To administrative expenses</b>	<b>40</b>	<b>40</b>			
<b>To selling expenses</b>	<b>60</b>	<b>80</b>			

To net profits	300	380			
Total	1600	2000	Total	1600	2000

### Trend Percentage

1. Calculate trend percentage from the following data( june 2013)

particulars	2006	2007	2008	2009	2010
Sales	2,58,680	3,53,460	3,68,550	4,12,430	4,87,560
Closing stock	1,20,580	1,25,760	1,32,540	1,34,780	1,45,730
Profits before tax	55,750	63,520	65,120	72,460	87,290

2. Calculate trend percentage from the following data

particulars	2010	2011	2012	2013
Sales	100	95	120	130
Cost of goods sold	60	58	69.60	72.80
Gross profits	40	36.10	50.40	57.20
Operating expenses	10	9.70	11	12
Net profits	30	26.40	39.40	45.20

3. Calculate trend percentage from the following data

particulars	2010	2011	2012	2013	2014
Sales	1,20,000	1,50,000	1,52,000	1,88,000	2,00,000
Cost of goods sold	70,000	75,000	80,000	1,00,000	1,10,000
Operating expenses	24,000	30,000	32,000	40,000	50,000
profits	26,000	45,000	40,000	48,000	40,000



