

STELLA MARIS COLLEGE (AUTONOMOUS) CHENNAI – 600 086.
(For candidates admitted during the academic year 2011-2012)

SUBJECT CODE: 11CM/MC/MA34
B.Com. DEGREE EXAMINATION NOVEMBER 2012
COMMERCE
THIRD SEMESTER

COURSE : MAJOR CORE
PAPER : MANAGEMENT ACCOUNTING
TIME : 3 HOURS

MAX. MARKS: 100

SECTION - A

Answer ALL questions:

(10x3=30)

1. What is “Management Accounting”?
2. State any three objectives of Financial Statement Analysis.
3. What is” Flow of Funds”?
4. What is” Budget Centres”?
5. What are some of the important “Liquidity Ratios”?
6.

Land and Buildings	Rs. 6,00,000
Equity Share capital	5,00,000
8% debentures	4,00,000
Sundry Creditors	1,50,000
Bank overdraft	50,000
Stock	2,40,000
Sundry Debtors	2,00,000
Cash and Bank	55,000
Pre paid expenses	5,000

From the above particulars calculate : (a) Current Ratio (b) Liquid Ratio
7. Specify how the following transactions will appear in the statement showing sources and uses of funds.
 - (a) Shares issued to public for cash Rs 3,50,000
 - (b) Redeemed debentures at par for cash Rs 7,00,000
 - (c) Machinery worth Rs 3,30,000 purchased and settlement made by issuing equity shares in the company.
 - (d) Repayment of long term loan Rs 5,00,000
8. From the following information you are required to calculate” cash flow from operating Activities “:

	Rs.
Operating profit before changes in working capital	57,500
Debtors (Decrease)	5,000
Stock (Increase)	2,000
Bills Payable (Decrease)	4,500
Creditors (Increase)	3,200
Cash at bank (Increase)	20,000

9. From the following particulars prepare a "Purchase Budget" for 2011 when the estimated price per kg of material are : A – Re 1/- : B – Rs 2/- : C – Rs 3/-

Materials	Estimated Consumption of Materials (kg) in 2011	
A	2,00,000	
B	3,00,000	
C	4,00,000	

Materials	Opening Stock in Jan 2011	Estimated Closing Stock in Dec 2011
A	20,000	25,000
B	40,000	30,000
C	50,000	40,000

10. From the following information calculate Funds from operations:

General expenses Paid	Rs. 3,00,000
Depreciation on fixed Assets	60,000
Loss on sale of old machinery	3,000
Goodwill written off	18,000
Loss on sale of Furniture	600
Profit on sale of Land & Building	2,00,000
Net profit for the year	3,18,000

SECTION - B

Answer any FIVE questions :

(5x8=40)

11. Prepare a Comparative Balance Sheet from the following Balance sheets.

Balance Sheet of NEW INDIA LTD as on 2004 & 2005.

Liabilities	2004	2005	Assets	2004	2005
	Rs.	Rs.		Rs.	Rs.
Share Capital	30,000	60,000	Fixed Assets	80,000	1,02,000
Reserves	12,000	10,000	Debtors	10,000	20,000
Debentures	60,000	60,000	Bank	12,000	8,000
	1,02,000	1,30,000		1,02,000	1,30,000

12. From the following information of a company for the year 2008 & 2009, prepare a Common Size Income Statement and write your comments on the performance of the company.

	2008	2009
	Rs.	Rs.
Net Sales	1,00,000	1,10,000
Cost of goods sold	60,000	65,700
Selling, General & administrative Expenses	30,000	37,000
Interest paid	3,000	6,200
Interest Received	2,000	3,300
Income Tax	50%	50%

13. From the extracts of the Balance Sheet and additional information provided, you are required to identify how the transactions affect statement showing sources and uses of funds.

Particulars	2009 Rs.	2010 Rs.
Equity Share Capital	2,00,000	3,00,000
Share Premium	60,000	80,000
9% Debentures	1,80,000	1, 80,000

Additional information : 9% debentures worth Rs 50,000 was redeemed during the year.

14. From the following Profit & Loss a/c for the year ended 2009, You are required to prepare Funds from operations.

	Rs.		Rs.
To Rent paid	3,00,000	By Gross Profit	16,00,000
To Salaries Paid	2,00,000	By Profit on sale of office car	4,000
To Provision for depreciation	75,000	By Dividend Received	3,000
To Commission paid	5,000		
To general Reserve	8,000		
To Loss on sale of investments	3,000	By Refund of Tax	7,000
To discount on issue of shares written off	2,000		
To provision for legal damages	3,000		
To Provision for Taxation	1,75,000		
To Net Profit c/d	8,43,000		
	16,14,000		16,14,000

15. The following are the ratios of a trading concern. :

Debtors Velocity	3 months
Stock Velocity	8 months
Creditors Velocity	2 months
Gross Profit Ratio	25%

- (a) The gross profit for the year ended amounted to Rs 4,00,000.
 (b) Closing Stock of the year is Rs 10,000 more than the opening stock.
 (c) Bills receivable Rs 25,000 and Bills Payable Rs 10,000
 Find out (i) Sales (ii) Sundry debtors (iii) Closing Stock (iv) Sundry Creditors

16. From the following information you are required to calculate Pay-out ratio and Retained Earnings Ratio.:

	Rs.
Net Profit	10,000
Provision for Tax	5,000
Preference Dividend	2,000
Number of equity shares	3,000 shares
Dividend per Equity Share	Re. 0.40

17. From the following information prepare a Cash Budget for the months January to April.

Months	Expected Sales Rs.	Months	Expected Purchases Rs.
January	60,000	January	48,000
February	40,000	February	80,000
March	45,000	March	81,000
April	40,000	April	90,000

Wages to be paid to workers amounted to Rs 5,000 each month.

Opening cash balance on 1st January Rs 8,000.

The following decisions of the management was to be implemented in the future:

- In case of deficit of funds within the limit of Rs 10,000 arrangements can be made with the bank.
- In case of deficit of funds exceeding Rs 10,000 but within a limit of Rs 42,000, issue of debentures is to be preferred.
- In case of deficit of funds exceeding Rs 42,000, issue of shares is to be preferred.

SECTION - C

Answer any TWO questions :

(2x15=30)

18. From the following information you are required to prepare a Balance Sheet:

- Current Ratio 1.75
- Liquid ratio 1.25
- Stock Turnover Ratio (Cost of Sales / Closing Stock) – 9.
- Gross profit Ratio 25%
- Debt Collection Period - 1 ½ months
- Reserves and Surplus to Capital – 0.2
- Turnover to fixed Assets (based on cost of sales) – 1.2
- Capital gearing Ratio 0.6
- Fixed Assets to Net Worth - 1.25
- Sales for the year - Rs 12,00,000

19. Liabilities	2009 Rs.	2010 Rs.	Assets	2009 Rs.	2010 Rs.
Share Capital	2,00,000	3,00,000	Buildings at cost	1,50,000	2,30,000
			Plant & machinery		
			At cost	2,60,000	3,20,000
General Reserve	-	11,000	Less: Depreciation	(85,000)	(95,000)
Profit & loss a/c	40,000	85,000	Current Assets:		
5% debentures	1,00,000	75,000	Stock	65,000	69,000
Current Liabilities:			Sundry debtors	15,000	18,000
Sundry creditors	60,000	1,04,000	Bank	25,000	48,000
Taxation	20,000	5,000			
Proposed dividend	10,000	10,000			
	4,30,000	5,90,000		4,30,000	5,90,000

Additional information:

During the year 2010, Plant costing Rs. 15,000 (Accumulated depreciation there on Rs. 8,000) was sold for Rs. 5,000.

You are required to prepare Funds Flow Statement.

20. The cost of an article at a capacity level of 5,000 units, details are given below. For a variation of 25% in capacity above or below this level, the individual expenses are indicated below.

Particulars	5,000 units Rs.	(Degree of Variability)
Material Cost	25,000	(100% Varying)
Labour cost	15,000	(100% Varying)
Power	1,250	(80% Varying)
Repairs & Maintenance	2,000	(75% Varying)
Stores	1,000	(100% Varying)
Inspection	500	(20% Varying)
Depreciation	10,000	(100% Varying)
Administration Overheads	5,000	(25% Varying)
Selling Overheads	3,000	(25% Varying)
	62,750	

Cost per unit - Rs. 12.55

Find out the cost per unit and total cost for production levels of 4,000 units and 6,000 units. Also show the total cost and unit cost for 5,000 units.

21. The following is the summarized Balance Sheet for 2007 & 2008.

Liabilities	2007 Rs.	2008 Rs.	Assets	2007 Rs.	2008 Rs.
Share Capital	3,00,000	3,25,000	Freehold Property	2,25,000	2,40,000
General Reserve	2,00,000	2,19,000	Machinery	1,35,000	1,65,000
P & L a/c	25,000	20,000	Long term investment	1,50,000	1,62,000
7% debentures	75,000	50,000	Marketable securities	1,12,500	1,00,000
Loan from bank (long term)	27,000	14,250	Stock	52,500	75,000
Provision for taxation	21,000	37,500	Debtors	45,000	70,000
Proposed dividend	22,500	23,250	Bank	10,500	4,000
Sundry Creditors	60,000	1,27,500			
	7,30,500	8,16,500		7,30,500	8,16,500

Additional information:

(a) Depreciation on machinery	Rs. 17,500
(b) Provision for taxation paid during the year	Rs. 22,500
(c) Proposed Dividend paid	Rs. 22,500

Prepare Cash Flow Statement under AS III.