

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

SUBJECT CODE: 11CM/MC/MA34

B B.Com./B.Com.(C.S) DEGREE EXAMINATION NOVEMBER 2013
COMMERCE
CORPORATE SECRETARYSHIP
THIRD SEMESTER

COURSE : MAJOR CORE
PAPER : MANAGEMENT ACCOUNTING
TIME : 3 HOURS **MAX. MARKS: 100**

SECTION - A

Answer ALL questions: **(10x3=30)**

1. State the objectives of Management Accounting.
2. What is 'Trend Analysis'?
3. What is 'Funds from operation'?
4. What are 'Cash' and 'Cash equivalents'?
5. What is a Flexible Budget?
6. From the following particulars you are required to calculate 'Average payment Period'.

Total Purchases	Rs.5,81,000
Cash Purchases	30,000
Purchases Returns	51,000
Creditors at the end of the year	1,05,000
Bills Payable at the end of the year	60,000
Reserve for Discount on Creditors	8,000

Calculate Average Payment Period:

7. State how the following transactions will affect the statement showing sources and uses of funds:

(a) Issue of Equity Shares	Rs 3,00,000
(b) Redemption of preference Shares	Rs 2,00,000
(c) Machinery sold	Rs 4,00,000
(d) Amount received from Sundry debtors	Rs 50,000

8. From the following details, ascertain Net Profit before Tax and extra ordinary items for the year 2013.

Particulars	2012	2013
General Reserve	Rs 3,00,000	Rs 3,50,000
Profit & Loss A/c	4,00,000	4,70,000
Proposed Dividend	1,00,000	1,20,000
Provision for Taxation	80,000	1,00,000
(a) Interim Dividend paid in 2013	Rs 70,000	
(b) Compensation of Rs 1,00,000 received from the Government on account of riots		
Rs 2,00,000.		

9. Current Ratio 2.8
 Acid test Ratio 1.5
 Working Capital Rs 1,62,000
 Find out (a) Current Assets (b) Current Liabilities (c) Liquid Assets

10. Prepare a Production Budget for the half year ending 2013 with the help of the following information:

Product	Budget Sales quantity	Actual stock on 31/12/2012	Desired stock on 30/06/2013
X	80,000	10,000	16,000
Y	90,000	12,000	18,000

SECTION - B

Answer any FIVE questions :

(5x8=40)

11. From the following Balance Sheet of A & Co, prepare a common size Balance Sheet as on 31st December 2012:

LIABILITIES:	A & Co.
Preference Share Capital	Rs 1,20,000
Equity Share Capital	1,50,000
Reserves and Surplus	14,000
Long Term Loans	1,15,000
Bills Payable	2,000
Sundry Creditors	12,000
Outstanding Expenses	15,000
Proposed Dividend	10,000
	4,38,000
ASSETS : Land & Buildings	Rs 80,000
Plant & Machinery	3,34,000
Temporary Investment	1,000
Inventories	10,000
Book Debts	4,000
Pre-paid expenses	1,000
Cash & Bank Balance	8,000
	4,38,000

12. Calculate the Current Assets from the following information:

Sales	Rs 2,00,000 (All Credit)
Gross Profit Ratio (GP ratio)	20%
Stock Turnover	5 times
Current Liabilities	Rs 60,000
Quick ratio -	0.75
Stock at the end of the period is Rs 50,000 more than the stock at the beginning.	

13. From the following data calculate trend percentage keeping 2007 as the Base year and give your comments:

PARTICULARS	2007	2008	2009
Sales	Rs 6,00,000	Rs 8,00,000	Rs 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
Administrative Expenses	50,000	60,000	80,000
Financial Expenses	30,000	40,000	20,000

14. PARTICULARS	2012	2013
Provision for Taxation	Rs 20,000	Rs 30,000
Proposed Dividend	45,000	60,000

Additional Information:

- Provision for taxation made during the year 2013 amounted to Rs. 35,000.
- Dividend paid during the year 2013 amounted to Rs. 50,000
- In addition an amount of Rs. 30,000 was also paid as Interim Dividend in the year 2013. You are required to state as to how the above information will affect the Funds Flow Statement. You are required to treat Provision for taxation and Proposed Dividend as non-current liabilities

15. Prepare a Cash Budget for 3 months from January - March:

	January	February	March
1 st Jan – Opening Balance	Rs. 15,000		
Total Sales	5,00,000	15,00,000	18,00,000
Cash Purchase	4,00,000	10,00,000	12,00,000
Wages & Salary	60,000	75,000	80,000
Rent	20,000	20,000	20,000

Additional information:

- 10% of total sales is cash sales. The balance is received equally in the following 2 months. Total Sales for November and December of the previous year were Rs. 3,00,000 and Rs. 4,00,000 respectively.
- Lag in payment of Wages & Salary ½ a month, wages and salary for December was Rs. 50,000.
- Rent is paid in the same month.

16. From the following data you are required to calculate the cash generated from operating activities:

The operating Profit before working capital changes for the year 2012 was Rs 1,20,000. The balances of Current Assets and Current Liabilities as on 31/12/2011 and 31/12/2012 were as follows:

PARTICULARS	31/12/2011	31/12/2012
Trade Creditors	Rs 2,00,000	Rs 2,40,000
Trade Debtors	2,50,000	3,25,000
Bills Receivable	40,000	35,000
Bills Payable	26,000	32,000
Stock	1,60,000	1,42,000
Short term investments	30,000	60,000
Outstanding Expenses	26,000	31,000
Pre-paid Expenses	10,000	14,000

17. From the following figures prepare Raw Material Purchases budget for January 2013

MATERIALS (UNITS)

	A	B	C	D	E	F
Estimated stock On Jan 1 st	16,000	6,000	24,000	2,000	14,000	28,000
Estimated stock On Jan 31 st	20,000	8,000	28,000	4,000	16,000	32,000
Estimated Consumption	1,20,000	44,000	1,32,000	36,000	88,000	1,72,000
Standard Price Per unit	0.25ps	0.05ps	0.15ps	0.10ps	0.20ps	0.30ps

SECTION - C

Answer any TWO questions :

(2x15=30)

18. From the following information you are required to prepare a balance sheet with as many details as possible:

- (a) Gross profit turn over ratio 25%
- (b) Debtors Velocity 3 months
- (c) Creditors Velocity 2 months
- (d) Stock Velocity 8 times
- (e) Capital Turnover ratio 2.5 times
- (f) Fixed assets turnover ratio 8 times
- Gross profit for the year was Rs 80,000
- There was no long term loans or over draft.
- Reserves and surplus was Rs 28,000
- Liquid asses were Rs 97,333

Closing stock of the year was Rs 2,000 more than Opening Stock.

Bills receivable Rs 5,000

Bills payable Rs 2,000

Number of days in the year 360 days.

19. You are required to prepare a Funds Flow Statement from the following Balance Sheets.

LIABILITIES	2011	2012	ASSETS	2011	2012
Equity share capital	3,00,000	4,00,000	Goodwill	60,000	54,000
Redeemable preference share capital	80,000	50,000	Land & Buildings	1,25,000	85,000
Capital reserve	----	20,000	Plant & Machinery	1,20,000	2,25,000
General reserve	30,000	40,000	Furniture & Fixtures	15,000	12,000
Profit & Loss a/c	26,000	35,000	Preliminary exp	15,000	12,000
Proposed Dividend	30,000	42,000	Trade Investments	12,000	48,000
Provision for taxation	32,000	36,000	Current assets:		
Current liabilities:			Sundry Debtors	65,000	1,05,000
Sundry Creditors	30,000	58,000	Stock	90,000	84,000
Bills Payable	12,000	8,000	Bills Receivable	16,000	30,000
Outstanding Expenses	6,000	5,000	Cash in Hand	13,000	20,000
			Cash at Bank	15,000	20,000
	5,46,000	6,94,000		5,46,000	6,94,000

Additional information:

- A piece of land was sold in the year 2012 and the balance has been revalued, profit on sale and revaluation has been transferred to capital reserve a/c.
- Depreciation on Plant & Machinery Rs 24,000.
- No depreciation was charged on Land & Buildings.
- A machinery was sold for Rs 16,000 (written down value being Rs 20,000).
- No furniture was sold during the year.
- Interim dividend paid in 2012 – Rs 20,000.
- Rs 3,000 was received as dividend from Trade investments.

20. The following is the Balance Sheet of Wisdom Ltd as on 2009 & 2010.

LIABILITIES	2009	2010	ASSETS	2009	2010
	Rs	Rs		Rs	Rs
Share Capital	70,000	74,000	Goodwill	10,000	5,000
Bonds Payable	12,000	6,000	Land	20,000	30,000
Reserves & Surplus	10,040	10,560	Inventory	49,200	42,700
Provision for Doubtful debts	700	800	Debtors	14,900	17,700
Creditors	10,360	11,840	Bank Balance	9,000	7,800
	1,03,100	1,03,200		1,03,100	1,03,200

Following additional information is available:

- Dividend paid during the year amounted to Rs 3,500.
- Land purchased during the year Rs 10,000.
- Good will written off during the year Rs 5,000.
- Bonds of Rs 6,000 was paid during the year.

You are required to prepare a Cash Flow Statement as per AS-3

21. 'X' Ltd. Has prepared the budget for the production of 1,00,000 units manufactured which is given below:

Raw Material	Rs 2,52,000
Direct Labour	75,000
Direct Expenses	10,000
Works overhead (60% Fixed)	2,25,000
Administration overheads (80% Fixed)	40,000
Selling overheads (50% Fixed)	20,000

The actual production during the period was only 60,000 units.
You are required to prepare a budget for both levels of activity.
