

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

**SUBJECT CODE: 11CM/MC/MA34**

**B.Com./B.Com.(C.S) DEGREE EXAMINATION NOVEMBER 2014**  
**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 functions of Management Accounting.
2. State any FOUR objectives of Financial Statement Analysis.
3. State any SIX items that appear on the “Sources Side” of Funds Flow Statement.
4. State the important differences between “cash” and “Funds”.
5. What is a flexible budget?
6. From the following information ascertain the amount of Capital employed in the business:

Equity Share capital	Rs 5, 00,000
Preference Share Capital	Rs 3, 00,000
Securities Premium	Rs 40,000
General Reserve	Rs 1, 30,000
Profit & Loss a/c (Cr)	Rs 90,000
Capital Reserves	Rs 30,000
10% Debentures	Rs 2, 00,000
12% Bank Loan	Rs 1, 00,000
Sundry Creditors	Rs 55,000
Bills Payable	Rs 25,000
Preliminary Expenses	Rs 30,000
Discount on Issue of Shares	Rs 20,000

7. From the following particulars calculate Funds from Operations:

	Net Profit as on 31/03/2006	Rs. 1, 60,000
	Net Profit as on 31/03/2007	2, 00,000
Transactions during the year:	Transfer to Revenue Reserve	40,000
	Depreciation on Fixed Assets	16,000
	Underwriting Commission written off	8,000
	Interest Received	4,000
	Interim Dividend Paid	16,000
	Sale of Old Machinery (Book Value Rs 48,000)	56,000

8. From the following information Calculate Net Cash Flow from Investing Activities:

Sale of Fixed Assets	Rs 5, 50,000
Sale of Long term investments	2, 50,000
Income received from investments	1, 00,000
Purchase of Fixed Assets	4, 20,000
Long term investments made	3, 00,000
Payment of Tax on Investing Income	20,000

9. From the following information, prepare a Production Budget for the year ended 31<sup>st</sup> March 2010.

PRODUCTS	Sales as per sales budget (units)	Estimated Stock on 1/04/2009 (units)	Estimated Stock on 31/03/2010 (units)
X	60,000	10,000	20,000
Y	80,000	20,000	10,000
Z	50,000	15,000	5,000

10. Calculate the Value of Fixed Assets from the following Information:

Current Assets	Rs 1, 50,000
Current Liabilities	1, 29,000
Fixed Assets/ Net Worth	0.70
There is no long term debt	

### SECTION – B

Answer any FIVE questions:

(5x8=40)

11. From the following figures of the Balance Sheet of X & Co. Prepare a Comparative Balance Sheet.

Particulars	2007 (Rs)	2008 (Rs)
Equity Share Capital	4, 00,000	5, 00,000
Preference Share Capital	2, 00,000	1, 00,000
10% Debentures	1, 50,000	1, 00,000
Reserves & Surplus	40,000	70,000
Long term loan	2, 00,000	3, 00,000
Investment	2, 20,000	2, 50,000
Fixed Assets	5, 70,000	6, 30,000
Current Assets	2, 80,000	3, 10,000
Current Liabilities	80,000	1, 20,000

12. From the following information for the year ended 2010, prepare a common – size Income Statement.

Selling and Distribution Expenses	-	Rs 10,000
Administration Expenses		Rs 20,000
Cost of Sales		75% of Net Sales
Income Tax		20% of Net Profit before Tax
Net Income after Tax		Rs 48,000
Other Income		Rs 10,000

13. From the following details, calculate Average Collection Period.

Sundry Debtors	Rs 2, 10,000
Bills Receivable	Rs 30,000
Average Stock	Rs 3, 60,000
Inventory Turnover Ratio	6
Gross Profit Ratio	10%
Credit Sales to Total Sales	80%
Assume - 1 year = 360 days	

14. From the following details calculate Funds from Operations:

	Rs		Rs
Salaries	10,000	Discount on issue of Debentures	4,000
Rent	6,000	Provision for bad debts	2,000
Refund of Tax	6,000	Transfer to general reserve	2,000
Profit on Sale of Building	10,000	Preliminary Expenses written off	4,000
Depreciation on Plant	10,000	Goodwill written off	4,000
Provision for tax	8,000	Proposed Dividend	12,000
Loss on sale of Plant	4,000	Dividend received	10,000
Closing Balance of Profit &		Opening Balance of Profit &	
Loss a/c	1, 20,000	Loss a/c	50,000

15. From the following you are required to calculate the Net Cash Flow from the Operating Activities.

Particulars	31 <sup>st</sup> March 2007 (Rs)	31 <sup>st</sup> March 2008 (Rs)
Balance of Profit & Loss a/c	60,000	65,000
Debtors	87,000	40,000
Bills Receivable	62,000	1, 03,000
General Reserve	2, 02,000	2, 37,000
Dividend Equalization Fund	78,000	1, 00,000
Salary Outstanding	30,000	12,000
Wages Prepaid	5,000	7,000
Goodwill	80,000	70,000

16. From the following information prepare a Cash Budget for the quarter that is ending on 30<sup>th</sup> June 2000:

Month	Sales Rs	Purchases Rs	Wages Rs	Misc Expenses Rs
February	1,20,000	84,000	10,000	7,000
March	1,30,000	1,00,000	12,000	8,000
April	80,000	1,04,000	8,000	6,000
May	1,16,000	1,06,000	10,000	12,000
June	88,000	80,000	8,000	6,000

**Additional Information:**

- Cash on hand on 1<sup>st</sup> April 2000 is Rs 5,000.
- Sales- 20% realized in the month of sale, discount allowed is 2% and balance realized is after 2 months.
- Purchases are paid one month after.
- Wages – 25% in arrear paid in the following month.
- Other expenses are paid at a lag of one month.
- Income tax of Rs 25,000 due on or before 30<sup>th</sup> June 2000. Paid in June 2000.

17. Following are the Balance sheets of a Company as on 31<sup>st</sup> December 2008 and 2009.  
You are required to prepare Funds Flow Statement.

**Balance Sheets**

LIABILITIES	2008	2009	ASSETS	2008	2009
Creditors	Rs. 4,500	2,500	Cash	Rs 2,000	4,500
Mortgage	-----	2,500	Debtors	8,250	9,750
Share Capital	40,000	42,500	Stock	4,500	3,500
Profit & Loss a/c	7,250	12,250	Machinery	12,000	17,000
			Building	25,000	25,000
	51,750	59,750		51,750	59,750

**SECTION – C**

**Answer any TWO questions :**

**(2x15=30)**

18. From the following Balance sheet of M/s Vijayalakshmi Ltd. on 31<sup>st</sup> December 2002, and 2003 you are required to prepare:

- A schedule of changes in Working Capital.
- A Funds Flow Statement

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Balance Sheets

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Liabilities	2002	2003	Assets	2002	2003
Share Capital	Rs 1,00,000	1,50,000	Good will	Rs 12,000	10,000
General Reserve	15,000	20,000	Building	40,000	50,000
Profit & loss a/c	16,000	13,000	Plant	37,000	80,000
8% Debentures	50,000	75,000	Stock	30,000	23,500
<b>CURRENT LIABILITIES:</b>					
Sundry Creditors	8,000	5,000	Land	10,000	35,000
Bills Payable	1,000	1,500	Investment	10,000	12,000
Provision for Taxation	16,000	18,000	Bills Receivable	2,000	3,000
Provision for doubtful			Debtors	18,000	19,000
Debts	2,000	1,000	Cash	6,000	15,000
			Bank	43,000	36,000
	2,08,000	2,83,500		2,08,000	2,83,500

The following additional information has also been given:

- a) Building was purchased during the year 2003 for Rs 10,000.
- b) Plant was purchased for Rs 50,000 from another company by issue of shares.
- c) Land Rs 25,000 was purchased during the year by issue of 8% Debentures.
- d) Depreciation charged on plant Rs 7,000.
- e) Investments are to be treated as long term investments.

19. With the help of the following ratios regarding Indu Films, draw the Balance Sheet of the Company for the year 1985:

Current Ratio	2.5
Liquid Ratio	1.5
Net working Capital	Rs 3,00,000
Stock Turnover Ratio(Cost of sales/closing stock)	6 times
Gross Profit Ratio	20%

Debt collection Period	2 months
Fixed Assets turnover Ratio (on cost of sales)	2 times
Fixed Assets to Shareholders net worth	0.80
Reserve and Surplus to Capital	0.50

There is no Bank over draft. There is no Bills Receivable:

20. Following is the summarised Balance Sheet of G Ltd. As on 2003 & 2004:

LIABILITIES	2003	2004	ASSETS	2003	2004
Share Capital	Rs. 1, 00,000	1, 30,000	Land & Building	Rs. 1,00,000	95,000
General Reserve	25,000	30,000	Machinery	75,000	84,500
Profit loss a/c	15,200	15,400	Stock	50,000	37,000
Long term			Sundry debtors	40,000	32,100
Bank loan	35,000	-	Cash	200	300
Sundry Creditors	75,000	67,500	Bank	-	4,000
Provision for Tax	15,000	17,500	Good will	-	7,500
	2,65,200	2,60,400		2,65,200	2,60,400

Additional Information:

- Dividend Paid Rs 11,500.
- Assets of another company were purchased for a consideration of Rs 30,000 payable in Shares. The following assets were purchased: Stock Rs. 10,000; Machinery Rs 12,500.
- Machinery was purchased for Rs 4,000.
- Depreciation written off on Machinery Rs 6,000.
- Income Tax provided during the year Rs 16,500
- Loss on sale of machine Rs 100 was written off to General Reserve.

You are required to prepare a Cash Flow Statement as per AS-3 for the year ended 2004.

21. The information relating to the Budget prepared for two levels of capacity utilization is given as follows:

Capacity Output (units)	60%- 36,000 (units) Rs	100%- 60,000(units) Rs
Direct Materials	3,60,000	6,00,000
Direct Wages	2,16,000	3,60,000
Production overhead (semi-variable)		
-50% fixed	5,40,000	7,56,000
Administrative overhead	1,80,000	1,80,000
Selling overhead(Semi-variable)		
- 60% fixed	1,44,000	1,92,000

Prepare a Flexible Budget for 70%, 80%, and 90% Capacity utilization showing clearly the Unit Fixed Cost, Unit Variable Cost and Total Cost.

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