

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 2015
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. Write any three functions of management accounting.
2. State the limitations of management accounting.
3. What are the tools of financial statement analysis?
4. From the following calculate creditor's turnover ratio:

	Rs.
Credit purchases	12, 00,000
Creditors	1, 00,000
Bills payable	1, 00,000

Also calculate the average age of accounts payable.

5. Calculate stock turnover ratio from the following particulars:

Opening stock	Rs. 29,000
Closing stock	Rs. 31,000
Sales	Rs. 3, 00,000
Gross profit	25% on cost

6. State any 3 objectives of budgetary control.
7. Calculate funds from operations from the following P & L account:

	Rs.		Rs.
To expenses	3,00,000	By gross profit	4,50,000
To depreciation	70,000	By gain on sale of land	60,000
To loss on sale of machinery	4,000		
To goodwill	20,000		
To net profit	1,16,000		
	5,10,000		5,10,000

8. State any three differences between cash flow analysis and funds flow analysis.
9. Calculate cash from operation from the following:

	31 st December 2013 Rs.	31 st December 2014 Rs.
Sundry debtors	10,000	12,000
Outstanding expenses	1,000	1,200
Bills receivables	4,000	3,000
Bills payable	5,000	6,000
Sundry creditors	8,000	9,000

The net profit is Rs. 12,000.

10. From the following calculate the estimated sales:

Estimated closing stock	1, 50,000 units
Estimated opening stock	90,000 units
Estimated production	2, 40,000 units

SECTION – B

Answer any FIVE questions:

(5x8=40)

11. Convert the following income statement into Common-Size Income Statements.

Particulars	2013 Rs.	2014 Rs.
Sales	1,50,000	1,80,000
Cost of Sales	91,000	1,01,250
Gross Profit	59,000	78,850
Sales Expenses	30,000	33,000
Administration Expenses	15,000	17,000
Income from Operations	14,000	28,850
Other Expenses	2,000	3,000
Net profit	12,000	25,850

12. Prepare a Materials Budget of AB Co. Ltd., based on the following information. The production orders of the product show the following consumption:

(i) Consumption for a batch of 1,000 units of

Material No.	Rate per kg Rs.	Products A Kg.	Products B Kg.
11	60	50	80
13	60	10	5
16	10		30
17	50	6	10
18	25	4	4
	Total	70	129

	/3/	
(ii) Production (units)	Product A	12,000 units
	Product B	11,000 units

13. a) From the following find out a) Current Assets b) Current Liabilities:
- | | |
|-----------------|-------------|
| Current ratio | 2.5 |
| Liquidity ratio | 1.5 |
| Working capital | Rs. 60,000. |

- b) From the following information, prepare a cash budget for the period from January to April.

	Expected Sales	Expected purchase
January	60,000	48,000
February	40,000	45,000
March	45,000	31,000
April	40,000	40,000

Wages to be paid to workers will be Rs. 5,000 p.m. cash balance on 1st January may be assumed to be Rs. 8,000.

14. From the following information prepare a Comparative Balance Sheets.

Liabilities	2013 Rs.	2014 Rs.	Assets	2013 Rs.	2014 Rs.
Share capital	600	800	Cash	60	180
General reserve	200	100	Debtors	150	200
Profit and Loss A/c	60	120	Bills receivable	60	100
Creditors	60	200	Inventories	300	390
Bills payable	30	70	Fixed assets	380	420
	950	1,290		950	1,290

15. The following is the comparative Balance Sheet of A limited, prepare funds flow statement:

Balance Sheet

Liabilities	31 st December		Assets	31 st December	
	2013 Rs.	2014 Rs.		2013 Rs.	2014 Rs.
Share Capital	8,000	8,500	Land	5,000	5,000
Profit and Loss & Appropriation A/C	1,450	2,450	Plant	2,400	3,400
Creditors	900	500	Debtors	1,650	1,950
Mortgage Loan	-	500	Stock	900	700
			Cash at bank	400	900
Total	10,350	11,950		10,350	11,950

16. Calculate cash from operating activities:

Net profit	: Rs. 1, 00,000
Loss on sales of machinery	: Rs. 10,000
Depreciation on building	: Rs. 4,000
Depreciation on machinery	: Rs. 5,000
Formation expenses written off	: Rs. 5,000
Provision for taxation	: Rs. 10,000
Goodwill W/O	: Rs. 5,000
Gain on sale of building	: Rs. 8,000

Additional Information	As on 01.01.2014	As on 31.12.2014
Inventory	8,000	7,000
Drs	10,000	12,000
Prepaid Expenses	3,000	2,000
Outstanding Expenses	1,200	1,500
Creditors	5,000	7,000

17. From the following, calculate the proprietary ratio:

Preference Share Capital	Rs. 1,00,000	Fixed Assets	Rs. 2,00,000
Equity Share Capital	2,00,000	Current Assets	1,00,000
Reserves and Surplus	50,000	Goodwill	50,000
Debentures	1,00,000	Investments	1,50,000
Creditors	50,000		
	<u>5,00,000</u>		<u>5,00,000</u>

- Calculate
- Debt. To Equity ratio
 - Proprietary ratio
 - Quick ratio
 - Current ratio

SECTION – B

Answer any TWO questions:

(2x15=30)

18. From the following particulars, prepare the balance sheet of A Ltd., which has only one class of share capital.

i)	Sales for the year	Rs. 20,00,000
ii)	Gross profit ratio	25%
iii)	Current assets ratio	1.50
iv)	Quick assets (cash and debtors) ratio	1.25
v)	Stock turnover (cost of sales) ratio	15 times
vi)	Debts collection period	1.5 months
vii)	Turnover (cost of sales) to fixed assets	1.5 times
viii)	Ratio of reserves to share capital	0.33(i.e 1/3)
ix)	Fixed assets to net worth	0.83(i.e 5/6)

19. From the following balance sheets of X Ltd., as on 31st December 2013 and 2014 you are required to prepare:

- a) A schedule of Changes in Working Capital
b) A Funds Flow Statement.

Liabilities	2013 Rs.	2014 Rs.	Assets	2013 Rs.	2014 Rs.
Share Capital	1,00,000	1,00,000	Goodwill	12,000	12,000
General reserve	14,000	18,000	Building	40,000	36,000
Profit & Loss A/C	16,000	13,000	Plant	37,000	36,000
Sundry Creditors	8,000	5,400	Investments	10,000	11,000
Bills Payable	1,200	800	Stock	30,000	23,400
Provision for Taxation	16,000	18,000	Bills Receivable	2,000	3,200
Provision for Doubtful Debts	400	600	Debtors	18,000	19,000
			Cash at bank	6,600	15,200
	1,55,600	1,55,800		1,55,600	1,55,800

The following additional information has also been given:

- a) Depreciation charged on plant was Rs. 4,000 and on building was Rs. 4,000.
b) Provision for taxation of Rs. 19,000 was made during the year 2014.
c) Interim dividend of Rs. 8,000 was paid during the year 2014.

20. Hearwell Ltd., supplies you the following Balance Sheets on 31st December:

Liabilities	2013 Rs.	2014 Rs.	Assets	2013 Rs.	2014 Rs.
Share capital	70,000	74,000	Bank Balance	9,000	7,800
Bonds	12,000	6,000	Account receivable	14,900	17,700
Accounts payable	10,360	11,840	Inventories	49,200	42,700
Provision for Doubtful Debts	700	800	Land	20,000	30,000
Reserves and Surplus	10,040	10,560	Goodwill	10,000	5,000
Total	1,03,100	1,03,200		1,03,100	1,03,200

Additional information:

- a. Dividends paid during the year Rs. 3,500.
b. Land was purchased for Rs. 10,000.
c. Rs. 5,000 were off on goodwill during the year.
d. Bonds of Rs. 6,000 were paid during the course of the year.

You are required to prepare a cash flow statement as per AS III.

21. A company produces 1000 units at 100% capacity and the cost at this level are as follows:

- Fixed Rs. 5,000
Variable Rs. 3 per unit
Semi-variable Rs. 4 per unit (40% variable)

Prepare a flexible budget for 80%, 90% and 100% level of activity.