

**M.Com. (Semester – I) Examination, April 2018**  
**COC103 : MANAGERIAL ACCOUNTING (OA-18)**

Duration : 3 Hours

Max. Marks : 60

**Instructions :** 1) This paper consists of **nine** questions carrying **equal** marks.

2) Question no. 1 consist of **5 compulsory** questions of **2 marks each**.

3) Answer **any 5** questions from questions **2, 3, 4, 5, 6, 7, 8** and **9**.

4) **Each** question carries **10** marks. Figure to the **right** indicates marks.

1. Answer the following short questions in brief : (5×2=10)
- What is EVA ?
  - Give two differentiating points between operating lease and finance lease.
  - Write a brief note on CVP analysis.
  - What are the limitations of financial accounting ?
  - What is zero base budgeting ?
2. Following are the Balance-Sheets of ABC Ltd. as at 31<sup>st</sup> December 2010 and 2011.

Liabilities	2010 (Rs.)	2011 (Rs.)	Assets	2010 (Rs.)	2011 (Rs.)
Equity capital	4,60,000	4,60,000	Machinery	1,04,000	1,40,000
Profits and Loss A/c	32,000	46,000	Land and Buildings	3,00,000	3,00,000
Reserve for contingencies	1,20,000	1,20,000	Stock in Trade	1,64,000	2,12,000
Depreciation fund	80,000	88,000	Prepaid expenses	2,000	4,000
8% debentures	1,80,000	1,40,000	Temporary investments	2,20,000	1,48,000
Outstanding expenses	26,000	24,000	Debtors	1,34,000	86,000
Creditors	2,06,000	1,92,000	Cash and bank balances	1,80,000	1,80,000
<b>Total</b>	<b>11,04,000</b>	<b>10,70,000</b>	<b>Total</b>	<b>11,04,000</b>	<b>10,70,000</b>

P.T.O.

**Additional Information :**

- 1) 10% dividend was paid in cash.
- 2) New machinery for Rs. 60,000 was purchased but old machinery costing Rs. 24,000 was sold for Rs. 8,000, accumulated depreciation was Rs. 12,000.
- 3) Rs. 40,000 8% debentures were redeemed by purchase from open market at 96 for a debentures of Rs. 100.
- 4) Rs. 72,000 investments were sold at book value.

You are required to prepare a schedule of changes in working capital and statement showing sources and applications of funds. 10

3. A factory engaged in manufacturing plastic buckets is working at 40% capacity and produces 10,000 buckets per annum.

The present cost break-up for one bucket is as under :

Materials	Rs. 10 per unit
Labour cost	Rs. 3
Overhead	Rs. 5 (60% fixed)

The selling price is Rs. 20 per bucket.

If it is decided to work the factory at 50% capacity, the selling price falls by 3%. At 90% capacity, the selling price falls by 5% accompanied by a similar fall in the prices of material.

You are required to calculate the profit at 50% and 90% capacities and also calculate break even points for the capacity productions. 10

4. B Ltd. furnishes the following income statement for the year ending 31<sup>st</sup> December 2016 prepared on the basis of conventional accounting. You are required to adjust the same for price level changes under CPP method.

Particulars	Amount	Amount
Sales		1,80,000
<u>Less : Cost of goods sold</u>		
Opening stocks	20,000	
Add Purchases	<u>1,00,000</u>	
	1,20,000	
Total		
Less : Closing stock	30,000	90,000



Less : Expenses

Wages and salaries	10,000
Rent	5,000
Interest	6,000
Depreciation on building	8,000
Repairs	4,000
Other expenses	<u>6,000</u>
Net Income	51,000
Less dividends	<u>8,000</u>
Retained earnings	43,000

**Additional Information :**

- 1) Index at general price level :  
     January 1, 2016 100  
     December 31<sup>st</sup>, 2016 200
- 2) Interest and dividends are paid on December 31<sup>st</sup>.
- 3) Building was purchased when the index was 50.
- 4) Closing inventory is valued on the basis of LIFO method. 10
5. From the following forecast of income and expenditure, prepare a cash budget for the months, January to April 2017.

Months	Sales Credit (Rs.)	Purchases Credits (Rs.)	Wages (Rs.)	Manufacturing Expenses (Rs.)	Admin Expenses (Rs.)	Selling Expenses (Rs.)
Nov 2016	60,000	30,000	6,000	2,300	2,400	1,350
Dec. 2016	70,000	40,000	6,400	3,000	3,000	1,400
Jan. 2017	50,000	30,000	5,000	800	2,000	1,600
Feb. 2017	60,000	40,000	6,000	1,980	1,400	700
Mar. 2017	70,000	45,000	4,800	1,800	1,800	600
Apr. 2017	80,000	50,000	5,200	2,400	2,360	1,400

**Additional information is as follows :**

- 1) The customers are allowed a credit period of 2 months.
- 2) A dividend of Rs. 16,000 is repayable in April.



- 3) Plant has been purchased on 15<sup>th</sup> of January for Rs. 10,000.
  - 4) The creditors are allowing a credit of 2 months.
  - 5) Wages are paid on the 1<sup>st</sup> of the next month.
  - 6) Lag in payment of all other expenses is one month.
  - 7) Balance of cash in hand on 1<sup>st</sup> Jan. 2017 Rs. 46,000. 10
6. The following are the balance sheets of a concern for the years 2010 and 2011. Prepare a comparative balance sheet and study the financial position of the concern. 10

**Balance Sheets as on 31<sup>st</sup> December**

Liabilities	2010 (Rs.)	2011 (Rs.)	Assets	2010 (Rs.)	2011 (Rs.)
Equity 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	Furniture	40,000	50,000
Long term loans	3,00,000	4,00,000	Other fixed assets	50,000	60,000
Bills payable	1,00,000	90,000	Debtors	4,00,000	5,00,000
Creditors	2,00,000	2,40,000	Stock	5,00,000	7,00,000
Other current liabilities	10,000	20,000	Prepaid expenses	-	4,000
			Bills receivable	3,00,000	1,80,000
			Cash and bank	40,000	1,60,000
	<b>28,70,000</b>	<b>33,94,000</b>		<b>28,70,000</b>	<b>33,94,000</b>

7. Write short note on following :
  - a) Accounting standard 17. 5
  - b) Balance score card. 5
8. Discuss the various kinds of leasing and also suggest a procedure for determining lease rentals. 10
9. Answer the following :
  - a) Need and significance of IFRS. 5
  - b) Financial accounting v/s Cost accounting. 5