

M.Com. (Semester – I) Examination, April 2019
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 question no 2,3,4,5,6,7,8 and 9.

4) Each question carries 10 marks. Figures to the right indicate marks.

Q1. Answer the following short questions in brief.

(5*2=10)

- What are accounting principles?
- Inventory turnover ratio.
- Define angle of incidence.
- List the various essentials of budgetary control.
- What is trend analysis?

Q2. The following are the summaries of the Balance sheets of ABC Ltd, as at 31st December, 2016 and 2017:

liabilities	2016 (Rs)	2017 (Rs)	Assets	2016 (Rs)	2017 (Rs)
capital	2,30,000	2,30,000	Machinery	52,000	70,000
Profit & Loss A/C	16,000	23,000	Land and buildings	1,50,000	1,50,000
Reserve for contingencies	60,000	60,000	stock	82,000	1,06,000
Depreciation fund	40,000	44,000	Temporary investment	1,10,000	74,000
8% Debentures	90,000	70,000	Sundry debtors	67,000	43,000
Outstanding expenses	13,000	12,000	Cash and bank balance	90,000	90,000
Sundry creditors	1,03,000	96,000	Prepaid expenses	1,000	2,000
Total	5,52,000	5,35,000	Total	5,52,000	5,35,000

The following information concerning the transaction is available:

- 10% dividend was paid in cash.
- New machinery for Rs 30,000 was purchased but old machinery costing Rs 12,000 was sold for RS 4,000, accumulated depreciation was Rs 6,000.
- Rs 20,000, 8% Debentures were redeemed by purchase from open market at Rs 96 for a debenture of Rs 100.
- Rs 36,000 Investment were sold at book value.

You are required to prepare a schedule of changes in working capital and statement showing sources and application of funds. (10 marks)

Q3. The following information is given about M/s S.P. Ltd for the year ending 31st December, 2017.

Particulars	Data
Stock turnover ratio	6 times
Gross profit ratio	20% on sales
sales	Rs 3,00,000
Closing stock is Rs 10,000 more than the opening stock	
Opening creditors	Rs 20,000
Closing creditors	Rs 30,000
Trade debtors at the end	Rs 60,000
Net working capital	Rs 50,000

You are required to compute the following:

- Average stock.
- Purchases.
- Creditors turnover ratio.
- Average payment period.
- Average collection period.

(10 marks)

Q4. In a factory producing two different kinds of articles, the limiting factor is the availability of labour. From the following information, show which product is more profitable:

Particulars	Product A cost per unit	Product B cost per unit
Materials	5.00	5.00
Labour: 6 hours at Re 0.50	3.00	----
3 hours at Re 0.50	----	1.50
Fixed overhead	1.50	0.75
Variable overhead	1.50	1.50
Total cost	11	8.75
Selling price	14	11
profit	3.00	2.25

Maximum capacity per month is 4800 hours. Give proof in support of your answer. (10 marks)

Q5. From the following budget data, forecast the cash position at the end of April, May and June 2018:

Month	Sales RS	Purchases RS	Wages RS	Miscellaneous RS
February, 2018	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:

- Sales: 20% realised in the month of sales, discount allowed 2% on cash sales. Balance realised equally in two subsequent months.
- Purchases are paid in the month following the month of supply.
- Wages: 25% paid in arrears following month.
- Miscellaneous expenses: paid a month in arrears.
- Rent: Rs 1000 per month paid quarterly in advance due in April
- Income tax: First instalment of advance tax Rs 25,000 due on or before 15th June.
- Income from investment: Rs 5,000 received quarterly, in April, July etc.
- Cash in hand Rs 5,000 on 1st April, 2018.

(10 marks)

Q6. A Ltd. Furnishes the following income statement for the year ending 31st December 2017, prepared on the basis of conventional accounting. You are required to adjust the same for price level changes under CPP method.

Particulars	Amount RS	Amount RS
Sales		90,000
Less: cost of goods sold		
Opening inventory	8,000	
Add purchases	60,000	
Total	68,000	
Less closing inventory	6,000	62,000
Less expenses		
Wages and salaries		6,000
Other expenses		4,500
Depreciation on building		7,00
Interest		3,00
Net income		16,500
Dividends		4,000
Retained earnings		12,500

Additional information:

a) Index of general price level:

January 1, 2017 100

December 31, 2017 200

Average index 150

b) Interest and dividends are paid on December 31, 2017.

c) Building was purchased when index was 50.

(10 marks)

Q7. How does management accounting differ from financial accounting? What are the limitations of management accounting? (10 marks)

Q8. Write short note on following.

a) Indian Accounting Standard 25

(5 marks)

b) Activity based costing

(5 marks)

Q9.A) "Leasing is beneficial to both, the lessee as well as the lessor". Examine

(5 marks)

B) Explain the advantages and limitations of marginal costing.

(5 marks)