

**Goa Vidyaprasarak Mandal's**  
**GOPAL GOVIND POY RAITURCAR COLLEGE OF COMMERCE AND**  
**ECONOMICS, PONDA-GOIA**

**M. COM. (SEMESTER -- I) EXAMINATION, NOVEMBER 2014**  
**CO105 MANAGERIAL ACCOUNTING**

Duration: 2 hours

Total Marks: 50

- Instructions:** 1) Answer all questions.  
 2) Each question carries 10 marks.

Q.1] Briefly answer the following: (5x2=10)

- a) Trend Analysis
- b) Global Harmonisation of Accounting Standards
- c) AS 1
- d) EVA
- e) Hire purchase

Q.2.A] "Accounting Standards are guideposts for the accountant to prepare financial statements". Elucidate. (10)

**OR**

Q.2.B] What is meant by Human Resource Accounting? Explain Different approaches to Human Resource Accounting concept.

Q.3.A] From the following balances extracted from PG Company Ltd as on 31<sup>st</sup> December 2006 and on 2007, you are required to prepare a schedule of changes in Working Capital and Fund Flow Statement (10)

Liabilities	31-12-2006	31-12-2007	Assets	31-12-2006	31-12-2007
Share cap	100000	110000	building	40000	38000
General Reserve	14000	18000	Plant & Mach	37000	36000
P & L a/c	16000	13000	Investment (LT)	10000	21000
Creditors	8000	400	Stock	30000	23400
Bills Payable	1200	800	Bills Receivable	2000	3200
Prov. for Tax [non current]	16000	18000	Debtors	18000	19000
Prov for Debt	400	600	Cash at Bank	6600	15200
			Preliminary Exp	12000	10000
	<b>155600</b>	<b>165800</b>		<b>155600</b>	<b>165800</b>

**Additional Information :**

- i) Depreciation charged on Plant & Machinery was ₹ 4000.
- ii) Provision for taxation ₹ 19000 was made during the year 2007.
- iii) Interim dividend ₹ 8000 was paid during the year.
- iv) A piece of machinery was sold for ₹ 8000 during the year 2007, it had cost value ₹ 12000, depreciation of ₹ 7000 has been provided on it.

**OR**

Q.3.B) Sapna P Ltd. has the following Profit & Loss Account for the year ended 31-3-1998 and the Balance Sheet as on that date is as follows:

**Profit & Loss Account**

To opening stock	175000	Sales	
Add: Manufacturing Cost	1075000	Credit 1200000	
	1250000	Cash 300000	1500000
Less: Closing Stock	150000		
	1100000		
To Gross Profit	400000		
	<b>1500000</b>		<b>1500000</b>
Administrative Exp	35000	By Gross Profit	400000
Selling Expense	25000	Other Income	9000
Depreciation	50000		
Interest	47000		
Income Tax	126000		
Net Profit	126000		
	<b>409000</b>		<b>409000</b>

**Balance Sheet as on 31-3-1998**

Equity shares of ₹10 each	35000	Plant And Machinery	1000000
		Less: Depreciation	250000
		New Plant & Machinery	750000
10% preference Shares	200000		
Reserves & Surplus	200000	Goodwill	140000
Debentures(14%)	250000	Stock	150000
Creditors	60000	Debtors	100000
Bills Payable	20000	Prepaid Expense	25000
Provision For Tax	65000	Marketable securities	75000
		Cash	25000
	<b>1265000</b>		<b>1265000</b>

Market Price of share of Sapna P Ltd. on 31-3-1998 is ₹ 45.

Reserves at the beginning	146500
Net profit during the year	126000
	<b>272500</b>
Preference Dividend	20000
Equity Dividend	52500
Reserves at the close of the year	<b>200000</b>

- Calculate 1) Current Ratio  
 2) Debt Equity Ratio  
 3) Capital Gearing Ratio  
 4) EPS  
 5) Stock turnover Ratio

Analyse and interpret all the ratios.

Q.4.A) Discuss various valuation approaches adopted by firms in case of Mergers & Acquisitions. (10)

**OR**

Q.4.B) What do you understand by buyback of shares? What are the various objectives for buyback of shares?

Q.5.A) Vijay Papers Ltd. is planning to install a captive generator set at its plant. Its Finance Manager is asked to evaluate the alternatives either to purchase or acquire generator on lease basis. (10)

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 Buying                      Initial Cost ₹ 500000                      Residual Value ₹ 160000  
 .....

Leasing for 5years    Annual Lease Rentals ₹ 150000    Residual Value ₹ 90000  
 returned to lessee in 5 yrs.  
 .....

Depreciation @ 20% p.a.on WDV

Corporate Tax rate 40%

After tax cost of Debt is 14%

The time gap between the claiming of the tax allowance & receiving the benefit is one year.

Evaluate the Lease or Buy decision based on the above information.

Net Present Value at 14%

1- 0.877, 2 - 0.769 , 3- 0.675 , 4 -0.592 , 5 - 0.519 , 6 - 0.455

**OR**

Q.5.B] From the following details ascertain a) Cost of sales and b) Closing inventory as per CPP method when the firm is following LIFO method.

	Historical	price Index
Opening stock on 1-1-1991	4000	80
Purchases during 1991	20000	125
Closing Stock(out of purchases made in the last quarter)	3000	120
Index number on 31 <sup>st</sup> December 1991		140

When the firm is following FIFO method

	Historical
Inventory on 1-1-1990	8000
Purchases during 1990	48000
Closing Stock 31 <sup>st</sup> December 1990	12000
Price Index as on 1-1-1990	100
Price Index as on 31-12-1990	140
Average price Index for 1990	125

And also explain the valuation of closing stock under FIFO & LIFO.

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OR