



M.Com. (Semester – I) Examination, November 2014
COC 103 : 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** consists of **5 compulsory** questions of **2 marks each**.
3) Answer **any 5** questions from question **2, 3, 4, 5, 6, 7, 8 and 9**.
4) **Each** question carries **10** marks. Figure to the **right** indicate **marks**.

1. Answer the following short questions in brief : (5×2=10)
- a) Financial Accounting Vs Managerial Accounting.
 - b) What is Owner's Equity Statement ?
 - c) X Co. Ltd. has an overall P/V ratio of 40%. The marginal cost of product 'A' is estimated to be Rs. 30%. Determine the selling price.
 - d) What is Activity Based Costing (ABC) ?
 - e) What Economic Value Added Statement ?
2. What is Financial Statement Analysis ? Explain the various techniques of Financial Statement Analysis. 10
3. What is Financial Budget ? Differentiate between Flexible Budget and Fixed Budget. 10
4. What is meant by Financial Leasing ? Elaborate the types of Leasing. 10
5. What is Inflation Accounting ? Explain the different techniques of Inflation Accounting. 10

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6. The following is the Balance Sheets of MS Gupta for the years 2012 and 2013. Prepare the Comparative Balance Sheet and comment on Solvency and Profitability. 10

Balance Sheet as on 31st December

Liabilities	2012	2013	Assets	2012	2013
Equity share capital	5,00,000	7,00,000	Land and building	2,70,000	1,70,000
Reserves and surplus	3,30,000	2,22,000	Plant and machinery	4,00,000	6,00,000
Debentures	2,00,000	3,00,000	Furniture	20,000	25,000
Long term loan on			Other fixed assets	25,000	30,000
Mortgage	1,00,000	1,50,000	Cash in hand	20,000	40,000
Bill payables	50,000	45,000	Bill receivables	1,00,000	80,000
Sundry creditors	1,00,000	1,20,000	Sundry debtors	2,00,000	2,50,000
Other current liabilities	5,000	10,000	Stock	2,50,000	3,50,000
			Prepaid expenses	Nil	2,000
Total	12,85,000	15,47,000	Total	12,85,000	15,47,000

7. The summarized Balance Sheet of M/s Desai Ltd. as at March 31, 2010 and 2011 are given below. 10

Balance Sheet of M/s Desai Ltd. as on March 31, 2010 and 2011

Liabilities	2010	2011	Assets	2010	2011
	Rs.	Rs.		Rs.	Rs.
Share capital	9,00,000	9,00,000	Fixed assets	8,00,000	6,40,000
General reserve	6,00,000	6,20,000	Investments	1,00,000	1,20,000
Profit and loss a/c	1,12,000	1,36,000	Stock	4,80,000	4,20,000
Creditors	3,36,000	2,68,000	Debtors	4,20,000	9,10,000
Provision for tax	1,50,000	20,000	Bank	2,98,000	3,94,000
Mortgage loan	—	5,40,000			
Total	20,98,000	24,84,000	Total	20,98,000	24,84,000

Additional Information :

- i) Investments costing Rs. 16,000 were sold during the year for Rs. 17,000.
- ii) Provision for tax during the year Rs. 18,000.
- iii) During the year, a part of the fixed assets costing Rs. 20,000 was sold for Rs. 24,000 and the profit was included in Profit and Loss Account.
- iv) Dividends paid amounted to Rs. 80,000.

You are required to prepare a Cash Flow Statement in accordance with AS 3 Accounting Standard.



8. The price structure of a cycle made by the Cycle Company Ltd. is as follows : 10

Particulars	Per Cycle (in Rs.)
Materials	60
Labour	20
Variable overheads	20
Fixed overheads	50
Profit	50
Total Selling Price per Cycle	200

This is based on the manufacture of 1,00,000 Cycle per annum. The company expects that due to competition they will have to reduce selling prices, but they want to keep the total profits intact. What level of production will have to be reached i.e., how many cycle will have to be made to get the same amount of profits if :

- the selling price is reduced by 10% ?
 - the selling price is reduced by 20% ?
9. From the following information prepare Balance Sheet. 10

Current ratio	2.5
Liquid ratio	1.5
Proprietary ratio	0.75
Working capital	Rs. 60,000
Reserve and surplus	Rs. 40,000
Bank overdraft	Rs. 10,000

There is no Long Term Loan or Fictitious Assets.

- What is Financial Statement Analysis? Explain various techniques of Financial Statement Analysis. 10
- What is Financial Budget? Differentiate between Flexible Budget and Fixed Budget. 10
- What is meant by Financial Leasing? Elaborate the types of Leasing. 10
- What is Inflation Accounting? Explain the different techniques of Inflation Accounting. 10