SDV – 3

M.Com. (Semester – I) Examination, November 2015
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) What is IFRS ?
   b) What is Du-Pont Analysis ?
   c) What is Angle of Incidence ?
   d) What is Financial Lease ?
   e) What is Value Added Statement ?
2. What is Management Accounting ? Explain its limitations. **10**
3. What is Inflation Accounting ? Explain the techniques of Inflation Accounting. **10**
4. What is Budgeting ? Explain in brief the types of Budgets. **10**
5. Following is the balance sheet of Mohan Ltd. Balance sheet as on 31st December.

Liabilities	**2012**	**2013**	**Assets**	**2012**	**2013**
	₹	₹		₹	₹
Bills payable	500	750	Cash	1,000	1,400
Sundry Creditors	1,500	2,000	Debtors	2,000	3,000
Tax payable	1,000	1,500	Stock	2,000	3,000
6% debenture	1,000	1,500	Land	1,000	1,000
6% preference share	3,000	3,000	Building	3,000	2,700
Equity capital	4,000	4,000	Plant	3,000	2,700
Reserves	2,000	2,450	Furniture	1,000	1,400
	13,000	**15,200**		**13,000**	**15,200**

Prepare the Comparative Balance Sheet and interpret on the Profitability, Solvency and Liquidity of the Firm.

6. From the following information prepare Funds Flow Statement.

Liabilities	2012 ₹	2013 ₹	Assets	2012 ₹	2013 ₹
Equity share Capital	2,40,000	3,60,000	Land and Building	1,66,200	3,39,600
Share Premium	24,000	36,000	Machinery	1,06,800	1,53,900
General Reserves	18,000	27,000	Furniture	7,200	4,500
Debentures	—	78,000	Stock	66,300	78,000
P/L Account	58,500	62,400	Debtors	1,09,500	1,17,300
Provision for Tax	29,400	32,700	Bank	14,400	12,000
Creditors	1,00,500	1,09,200			
Total	**4,70,400**	**7,05,300**	**Total**	**4,70,400**	**7,05,300**

Additional information :

a) Depreciation on machinery Rs. 38,400

b) Depreciation on furniture Rs. 1,200.

7. Sumeet Ltd. is engaged in the manufacture of hot boxes. It produces 36,000 hot boxes per annum. The company also manufactures 36,000 units of ordinary lunch boxes. The departmental expenses per annum are as follows :

Particulars	Rs.
Direct Materials	67,20,000
Direct labour	26,88,000
Indirect labour	12,60,000
Lighting	70,000
Power	8,40,000
Insurance	52,500
Depreciation (fixed)	1,60,000
Miscellaneous fixed expenses	96,000

If the company discontinues the production of ordinary lunch boxes and buys the same from market, the savings in departmental expenses will be as follows :

Direct material	25%
Direct labor	20%
Indirect labor	20%
Power	25%

The purchase price of an ordinary lunch box is Rs. 96.

Explain whether the company should make or buy the ordinary lunch box. Show relevant calculations.

8. Prepare cash Budget of Raj Manufactures for April, May, June 2014 in a columnar from using the following information.

Month	Sales (Rs.)	Purchases (Rs.)	Wages (Rs.)
Feb.	3,60,000	2,49,600	24,000
Mar.	3,84,000	2,88,000	28,000
Apr.	2,16,000	2,86,000	22,000
May	3,48,000	4,92,000	20,000
June	2,52,000	5,36,000	30,000
July	2,86,000	4,98,000	28,000

Additional Information :

1) 50% of credit sales realized in the month following sales and the remaining in the second month following.
2) The creditors are paid in the month following the month of purchase.
3) Payments of wages are made in the following month.
4) Cash at bank on 1-4-2014 (estimated) was Rs. 50,000.

9. Sundaram Ltd. is interested in acquiring the use of an asset costing Rs. 5,00,000. It has two options.

i) To borrow the amount at 18% p.a. repayable in 5 equal installments, or
ii) To take on lease the asset for a period of 5 years at the yearend rentals of Rs. 1,20,000.

The corporate tax is 50% and the depreciation is allowed on W.D.V. at 20% . The asset will have a salvage of Rs. 1,80,000 at the end of the 5th year.

You are required to advise the company about lease or buy decision.
