

Master of Commerce (M.Com.) Semester—III Examination

ADVANCED MANAGEMENT ACCOUNTING

Compulsory Paper—1

Time : Three Hours]

[Maximum Marks : 80

N.B. :— (1) Solve any *five* questions, *one* question should be from each section.

(2) All questions carry equal marks.

SECTION—A

1. Discuss the importance of management accounting in the present scenario and explain the various tools of Management Accounting. 16
2. What are the characteristics of Financial Statement ? State the different stages of preparation of financial statement. 16
3. What do you mean by Management Information System (MIS) ? Explain its relation with management accounting. 16

SECTION—B

4. A Co. Ltd. Manufactures Machine which has a variable cost structure as follows :

Material	Rs. 40
Labour	Rs. 10
Overheads	Rs. 4
Selling Price	Rs. 90

Sales during the current year are expected to be Rs. 13,50,000 and fixed overheads Rs. 1,40,000 under the wage agreement on increase of 10% is payable to all direct workers from the beginning of the forthcoming year. While material costs are expected to increase by variable overhead cost by 5% and fixed overhead costs by 3%.

You are required by calculate :

- (i) The new selling price if the current profit volume ratio is to be maintained and
- (ii) The quantity to be sold during the forth coming year to yield the same amount of profit as that of the current year assuming the selling price to remain of Rs. 90. 16

5. From the following information of Sanjay Company. Prepare the proforma Balance Sheet :

Sales are	Rs. 32,00,000	
Sales to Net Worth	2.3 times	
Current debt to Net Worth	42%	
Total debt to Net Worth	75%	
Current Ratio	2.9 times	
Net sales to inventory	4.7 times	
Average collection period		
(assume 360 days in a year)	64 days	
Fixed assets to Net Worth	53.2%	16

6. From the following information extracted from the books of P.Ltd., prepare statement of changes in financial position in proper form :

Balance Sheet

Liabilities	31.3.2013	31.3.2014	Assets	31.3.2013	31.3.2014
	Rs.	Rs.		Rs.	Rs.
Equity Share Capital	3,00,000	3,50,000	Fixed Assets	5,10,000	6,20,000
Preference Share Capital	2,00,000	1,00,000	Investment (long term)	30,000	80,000
Debentures	1,00,000	2,00,000	Current Assets	2,40,000	3,75,000
Reserve and Surplus	1,10,000	2,70,000	Discount on Issue		
Provision for Doubtful			of Debentures	10,000	5,000
Debts	10,000	15,000			
Current liabilities	70,000	1,45,000			
	7,90,000	10,80,000		7,90,000	10,80,000

Additional Information :

- (1) A machine costing Rs. 70,000, book value Rs. 40,000 was sold for Rs. 25,000.
- (2) A dividend of 15% was paid on equity shares during the current year.
- (3) The provision for depreciation stood at Rs. 1,50,000 on 31.3.2010 and Rs. 1,90,000 on 31.3.2011.
- (4) Preference shares were redeemed at a premium of 5%.
- (5) Stock which was valued at Rs. 90,000 in 2013-14 was written up to cost Rs. 1,00,000 for preparing the Profit & Loss A/c of 2013-14.
- (6) Debtors are likely to be realised in full.

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7. Prepare Cash Flow Statement of a corporation from the following information :

Balance Sheet as on 1st January and 31st December 2014

	1st January	31st Dec. 2014
Current Assets :		
Cash and Bank	40,000	44,400
Account Receivable	10,000	20,700
Inventories	15,000	15,000
Land	4,000	4,000
Business Premises	20,000	16,000
Plant and Equipment	15,000	17,000
Accumulated Depreciation	(5,000)	(2,800)
Patents and Trade Marks	1,000	900
	1,00,000	1,15,200
Current Liabilities :		
Current Liabilities	30,000	32,000
Bonds Payable	22,000	22,000
Bonds Payable Discount	(2,000)	(1,800)
Capital Stock	35,000	43,500
Retained Earning	15,000	19,500
	1,00,000	1,15,200

Additional Information :

- (a) Income for the period was Rs. 10,000.
- (b) A building that cost Rs. 4,000 and which had a book value of Rs. 1,000 was sold for Rs. 1,400.
- (c) The depreciation charges for the period was Rs. 800.
- (d) There was a Rs. 5,000 issue of capital stock.
- (e) Cash dividend of Rs. 2,000 and a stock dividend for Rs. 3,500 were declared.

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8. Prepare a Cash Budget for the three months ending 30th June, 2015 from the information given below :

(a) Month	Sales Rs.	Materials Rs.	Wages Rs.	Overheads Rs.
February	14,000	9,600	3,000	1,700
March	15,000	9,000	3,000	1,900
April	16,000	9,200	3,200	2,000
May	17,000	10,000	3,600	2,200
June	18,000	10,400	4,000	2,300

(b) Credit terms are —

Sales/Debtor — 10% sales on are cash, 50% of the credit sales are collected next month and the balance in the following month :

Creditors — Materials — 2 months

— Wages $\frac{1}{4}$ month

— Overheads $\frac{1}{2}$ month

(c) Cash and Bank Balance on 1st April 2015 is expected to be Rs. 6,000.

(d) Other relevant information is :

(i) Plant & Machinery will be installed in February 2015 at a cost of Rs. 96,000. The monthly instalments of Rs. 2,000 is payable from April onwards.

(ii) Dividend @ 5% on preference share capital of Rs. 2,00,000 will be paid on 1st June.

(iii) Advance to be received for sale of vehicles Rs. 9,000 in June.

(iv) Dividends from investments amounting to Rs. 1,000 are expected to be received in June.

(v) Income tax (advance) to be paid in June is Rs. 2,000.

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(मराठी माध्यम)

विभाग—अ

1. वर्तमान पार्श्वभूमीवर प्रबंधकीय लेखांकनाच्या महत्वाची चर्चा करा आणि प्रबंधकीय लेखांकनात प्रयुक्त विविध साधने स्पष्ट करा. 16
2. वित्तीय विवरणांची वैशिष्ट्ये स्पष्ट करा. वित्तीय विवरण तयार करण्याच्या विविध अवस्था स्पष्ट करा. 16
3. प्रबंधकीय सूचना प्रणाली (MIS) पासून आपणास काय अर्थबोध होतो ? त्याचा प्रबंधकीय लेखांकनाशी संबंध स्पष्ट करा. 16

विभाग—ब

प्रश्न क्रमांक 4 ते 8 इंग्रजी माध्यमानुसार.

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(हिन्दी माध्यम)

विभाग—अ

1. वर्तमान पार्श्वभूमि को ध्यान में रखते हुए प्रबंधन लेखांकन के महत्व की चर्चा कीजिये एवं प्रबंधन लेखांकन में प्रयुक्त विभिन्न साधन स्पष्ट कीजिये। 16
2. वित्तीय विवरण की विशेषताएं लिखकर वित्तीय विवरण तैयार करने की विविध अवस्थाएं स्पष्ट कीजिये। 16
3. प्रबंधकीय सूचना प्रणाली (MIS) से आपको क्या अर्थबोध होता है ? इसका प्रबंधकीय लेखांकन से संबंध स्पष्ट कीजिये। 16

विभाग—ब

प्रश्न क्रमांक 4 से 8 अंग्रेजी माध्यम के अनुसार।

Management accounting is a new concept. It is also known as managerial accounting. Unlike financial accounting, management accounting produces weekly or monthly reports that cover internal issues. These reports include various stats, available monetary fund, returns generated on sales, piled up orders, amount of payment to be generated, remaining debts, stats of raw materials, etc. These reports are presented to the people of various departments within the organization and are mostly confidential. In reading Advanced Management Accounting (3rd Edition), I don't know if the author was paid by the word, the page or just preferred to use 10 words when 1 will do, but I found that the value of the book was diminished by the writing style. As I alluded to earlier, the ideas presented are excellent but I am left feeling like I just sat through a 2 hour movie story that took 3 1/2 hours to tell.