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**M.Com. (Part – I) (Old Course) (Term – End) Examination, 2010
MANAGEMENT ACCOUNTING
(Compulsory Paper) (2002 Pattern)**

Time : 3 Hours

Max. Marks : 60

N.B.: All questions are compulsory and carry equal marks.

1. Define and distinguish between ‘Management Accounting’ and ‘Financial Accounting’.

OR

1. What do you mean by analysis and interpretation of Financial Statements ? Explain the different methods of such analysis and interpretation.
2. The following are the Balance Sheets of MID-TERM Limited, Pune, prepared as on 31st March 2009 and 31st March 2010 :

Liabilities	31-03-09	31-03-10	Assets	31-03-09	31-03-10
Share Capital	10,00,000	11,00,000	Plant & Machinery	5,50,000	6,26,000
General Reserve	1,00,000	1,50,000	Land and Building	8,00,000	7,20,000
Profit & Loss A/c	1,20,000	1,54,000	Furniture	1,00,000	1,20,000
Bank Loan	2,80,000	1,80,000	Sundry Debtors	1,36,000	1,50,000
15% Debentures	2,00,000	1,00,000	Bills Receivables	45,000	56,000
Sundry Creditors	40,000	55,000	Stock	67,000	75,000
Bills Payables	48,000	43,000	Cash and Bank	70,000	50,000
Provision for			Preliminary		
taxation	30,000	35,000	expenses	50,000	20,000
	18,18,000	18,17,000		18,18,000	18,17,000

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You are required to prepare the Fund Flow Statement with necessary working notes after considering the following information :

- a) Dividend was distributed on the shares @ 12%.
- b) All fixed assets are depreciated by 10%.
- c) The 15% Debentures were redeemed by purchasing in the open market at 97.
- d) During the year Rs. 25,000 are paid by way of taxes.
- e) During the year new furniture of Rs. 50,000/- was purchased and some of the old furniture was sold @ 60% loss.

OR

2. From the different ratios given complete the Balance Sheet with as much details as possible :

- Sales to total assets 3
- Sales to fixed assets 5
- Current assets are $\frac{2}{3}$ rd of the fixed assets.
- Inventory Turnover Ratio 20
- Debtors Turnover Ratio 15
- Current Ratio 2
- Total assets to Net-worth 4
- Long term liabilities ?
- Sales during the year are Rs. 30,00,000/-.

3. WOCAP Limited, Pune has furnished you the following estimated information for the forthcoming year :

- 60,000 units are to be produced during the year.
- Sales price is Rs. 60/- per unit.



- The estimated cost price is Rs. 45/- per unit consisting of -
 - Raw Material Rs. 24/- per unit
 - Labour cost Rs. 15/- per unit
 - Overheads Rs. 6/- per unit.
- The stock of raw material must be equal to the requirement of 20 days and the finished goods must be equal to half month's sale of the next month.
- The Work in Progress will remain in stock for two weeks and for which labour cost and overheads should be considered at 40% and 60% respectively.
- Purchases are made with one month credit and sales are made with one and half month credit.
- Labourers are paid on monthly basis.
- The time lag in payment of overheads is one month.
- Add 10% of your computation for contingency.

You are required to prepare a statement showing the estimated amount of working capital.

OR

3. What is 'Marginal Cost' and 'Marginal Costing' ? Explain the objectives, advantages and limitations of Marginal Costing.
4. Write notes on **any three** of the following :
 - a) Limitations of Management Accounting
 - b) Utilities of Cash Flow Analysis
 - c) Long term solvency ratios
 - d) Break even analysis
 - e) Factors affecting the need of working capital.