

M.Com. (CBCS) DEGREE EXAMINATION, APRIL 2021
FIRST SEMESTER
COMMERCE - CORE
MANAGEMENT ACCOUNTING
(for those who joined in July 2017 onwards)

Time : Three hours

Maximum: 75 marks

Part – A (10 X 1 = 10 marks)

Answer all question, choose the correct answer:

1. Management accounting relates to _____
a) Recording of accounting data b) Recording of costing data
c) Presentation of accounting data d) classifying the data.
2. Financial accounting deals with _____
a) determination of costs b) determination of profits
c) determinations of price d) determination of revenue
3. Funds Flow Statement is also known as
a) Statement of Funds Flow
b) Statement of Sources and Application of Funds
c) Statement of Sources and Uses of Funds
d) All of the above
4. Given Net profit for the year Rs.250000, Transferred to general reserves Rs.40000 and old machinery bought for Rs.50000 was sold for Rs.20000. Calculate funds from operations.
a) Rs 2, 80,000 b) Rs 2, 20,000 c) Rs 2, 90,000 d) Rs 3, 00,000
5. Marginal costing is also known as
a) Direct costing b) Variable costing c) Both a and b d) None of the above
6. A large angle of incidence indicates a high rate of _____
a) Profit b) Loss c) No profit No Loss d) Cost line
7. The difference between actual cost and standard cost is known as
a) Profit b) Loss c) Standard cost d) Variance
8. Standard costing is
a) Method of costing b) Techniques for cost reduction
c) Cost control techniques d) None of the above
9. Budgetary control system acts as a friend, philosopher and guide to the
a) Management b) Shareholders c) Creditors d) Employees
10. Budgetary control system helps the management to eliminate
a) Undercapitalization b) Overcapitalization
c) Subjective matter d) None of these

PART-B (5X5=25 Marks)

Answer all Questions, Choosing either (a) or (b) ~~Each answer should not exceed 250 words.~~

11. a) State the objectives of Management Accounting.

(Or)

- b) What are the limitations of Management Accounting?

12. a) From the following information prepare fund flow statement for the year 31.12.2020.

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- i. Increase in working capital Rs.4000
- ii. Net profit before writing off good will Rs.10750
- iii. Depreciation for fixed assets Rs.1750
- iv. Dividend paid Rs.3500
- v. Goodwill Rs.5000 written out of profits
- vi. Rs.5000 share capital was issued for cash
- vii. Machinery was purchased for Rs.10000

(Or)

- b) From the following Profit and Loss a/c. You are required to compute Cash from operations.

| Particulars | Rs. | Particulars | Rs. |
|---------------------------|-------|---------------------------|-------|
| To Salary | 6000 | By Gross Profit | 25000 |
| To Depreciation on plant | 2000 | By Profit on sale of land | 5000 |
| To Loss on sale of plant | 1000 | By Income tax refund | 3000 |
| To Goodwill | 4000 | | |
| To Dividend | 5000 | | |
| To Provision for taxation | 5000 | | |
| To Net profit | 10000 | | |
| | 33000 | | 33000 |

13. a) From the following data calculate:

a) P/V Ratio b) Variable cost and c) Profit

Sales Rs.80000

Fixed Expenses Rs.15000

Break Even Point Rs. 50000

(Or)

- b) The following particulars are obtained from the records of a company manufacturing two products A and B

| | Product A (Per Unit) Rs. | Product B (Per Unit) Rs. |
|----------------------------------|--------------------------|--------------------------|
| Selling price | 200 | 400 |
| Material cost (Rs.20 per kg) | 40 | 100 |
| Direct wages (Rs.6 per hour) | 60 | 120 |
| Variable overhead | 20 | 40 |
| Total fixed overhead is Rs.10000 | | |

Comment on profitability of each when production capacity in hours is the limiting factor.

14. a) Calculate material cost variances from the following data

| | Standard | Actual |
|----------|-------------|---------------|
| Quantity | 400 kgs | 460 kgs |
| Price | Rs.2 per kg | Rs.1.5 per kg |
| Value | Rs.800 | Rs.690 |

(Or)

- b) Calculate labour variance from the following data:

A factory worked for 6000 labour hours during a week. 200 hours were wasted due to power failure. The Sundry works done by the workers were equal to

Continuation Sheet

6400 standard hours. The standard rate per hour was Rs.15. The actual wage rate was Rs.20 per hour.

15. a) A manufacturing company submits the following figures of product X for the first quarter of 2018.

| | | |
|-----------------|----------|--------|
| Sale (in Units) | January | 250000 |
| | February | 240000 |
| | March | 260000 |

selling price per unit Rs.100

Target of 1st Quarter of 2019:

Sales quantity increase 20%

Sales price increase 10%

Prepare Sales Budget for the first quarter of 2019.

(Or)

- b) Prepare production budget of X Ltd. from the following information:

| Products | Sales as per Sales Budget (in Units) | Estimated Stock (in units) | |
|----------|--------------------------------------|----------------------------|-----------|
| | | 1.7.2017 | 31.6.2017 |
| A | 488000 | 10000 | 12000 |
| B | 375000 | 20000 | 45000 |
| C | 600000 | 50000 | 25000 |

PART - C (5X8=40 Marks)

Answer all Questions, Choosing either (a) or (b) Each answer should not exceed 600 words.

16. a) Difference between Management Accounting and Financial Accounting.

(Or)

- c) Describe the tools of Management Accounting.

17. a) The following details available from the company

| Liabilities | 2018 | 2019 | Assets | 2018 | 2019 |
|----------------------------|--------|--------|----------|--------|--------|
| Share Capital | 70000 | 74000 | Cash | 9800 | 7800 |
| Debentures | 12000 | 6000 | Debtors | 14900 | 17700 |
| Reserve for doubtful debts | 700 | 800 | Stock | 49200 | 42700 |
| Trade Creditors | 10360 | 11840 | Land | 20000 | 30000 |
| P & L A/c | 10040 | 10560 | Goodwill | 10000 | 5000 |
| | 103100 | 103200 | | 103100 | 103200 |

In addition you are given:

- Dividend paid total Rs.3500
- Land was purchased for Rs.10000 Amount provided for amortisation of goodwill Rs.5000.
- Debenture paid off rs.6000

Prepare Cash Flow Statement.

(Or)

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- b) Difference between Fund flow statement and Cash flow statement.
18. a) Sampath Ltd. presents the following results for one year. Calculate the P/V Ratio, BEP and Margin of Safety.

| | |
|----------------|-----------|
| Sales | Rs.200000 |
| Variable Costs | Rs.120000 |
| Fixed Cost | Rs. 5000 |
| Net Profit | Rs. 30000 |

(Or)

- b) The sales turnover and profit during two years were as follows:

| Year | Sales | Profit |
|------|--------|--------|
| 2018 | 140000 | 15000 |
| 2019 | 160000 | 20000 |

Calculate:

- P/V Ratio
- Break-even point
- Sales required to earn a profit of Rs.40000
- Fixed expenses and
- Profit when sales are Rs.120000

19. a) From the following particulars, calculate sales variances"

| Product | Budget | | Actual Sales | |
|---------|-------------------|--------------|-------------------|--------------|
| | Quantity units | Price Rs. | Quantity units | Price Rs. |
| A | 1000 | 20 | 1300 | 21 |
| B | <u>2000</u> | 15 | <u>2300</u> | 14 |
| | <u>3000</u> | | <u>3600</u> | |

(Or)

- b) From the following data calculate labour variances:

Budgeted labour for completing job X:

8 skilled workers at Rs.10 per hour for 20 hours

12 unskilled workers at Rs.8 per hour for 20 hours

Actual labour for completing job : X:

12 skilled workers at Rs.11 per hour for 20 hours

13 unskilled workers at Rs.7 per hour for 20 hours

20. a) From the following forecasts of income and expenditure prepare a Cash budget for the three months commencing 1st June, when the bank balance was Rs.100000.

| Months | Sales | Purchases | Wages | Factory Expenses | Administration and Selling Expenses |
|--------|-------|-----------|-------|---------------------|---|
| April | 80000 | 41000 | 5600 | 3900 | 10000 |
| May | 76500 | 40500 | 5400 | 4200 | 14000 |
| June | 78500 | 38500 | 5400 | 5100 | 15000 |
| July | 90000 | 37000 | 4800 | 5100 | 17000 |
| August | 95000 | 35000 | 4700 | 6000 | 13000 |

Continuation Sheet

A Sales commission of 5% on sales, due two months after sales, is payable in addition to selling expenses. Plant valued at Rs.65000 will be purchased and paid for in August and the dividend for the last financial year of Rs.15000 will be paid in July. There is a two-month credit period allowed to customers and received from suppliers.

(Or)

b) Prepare a flexible budget for the overheads on the basis of the following data. Ascertain the overhead rates at 50%, 60% and 70% capacity.

| | At 60% Capacity (Rs.) |
|---------------------------------------|-----------------------------|
| Variable Overheads: | |
| Indirect material | 6000 |
| Indirect Labour | 18000 |
| Semi-variable overhead: | |
| Electricity (40% fixed, 60% variable) | 30000 |
| Repairs (80% fixed, 20% variable) | 3000 |
| Fixed Overheads: | |
| Depreciation | 16500 |
| Insurance | 4500 |
| Salaries | 15000 |
| Total overheads | 93000 |
| Estimated direct labour hours | 186000 |
