

Reg. No. :

Code No. : 20313 E Sub. Code : GMCO 62

B.Com. (CBCS) DEGREE EXAMINATION,
APRIL 2020.

Sixth Semester

Commerce — Main

Major Elective – MANAGEMENT ACCOUNTING

(For those who joined in July 2012 – 2015)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL the questions.

Choose the correct answer :

1. Management accounting maintains —————
 - (a) Journal
 - (b) Journal and ledger
 - (c) Leger alone
 - (d) None of these

2. Management accounts analyses accounting data with the help of _____
- (a) Tools and techniques
 - (b) Statutory forms
 - (c) Auditors
 - (d) None of these
3. Funds flow statement is _____ to traditional financial statements
- (a) Supplementary (b) Complementary
 - (c) Independent (d) Opposite
4. Purchase of fixed assets is _____
- (a) Sources of funds
 - (b) Uses of fund
 - (c) Funds from operations
 - (d) None of the above
5. _____ indicates the relationship of contribution to sales
- (a) Sales (b) Profit
 - (c) P/V ratio (d) Contribution

6. Marginal cost is the sum of prime cost plus _____
- (a) Fixed cost (b) Variable cost
(c) Variable overhead (d) Fixed overhead
7. Standard cost is used for _____
- (a) Cost control
(b) Performance management
(c) Inventory valuation
(d) All of the above
8. Material cost variance may be classified into _____ groups
- (a) One (b) Two
(c) Three (d) Four
9. Generally the budget period is _____
- (a) Four years (b) Three years
(c) Two years (d) One year
10. The difference in fixed cost and variable cost has a special significance in the preparation of _____
- (a) Cash budget (b) Static budget
(c) Flexible budget (d) None of these

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) State the nature of management accounting.

Or

- (b) Distinguish between cost accounting and management accounting.

12. (a) Define funds flow statement. What are its objectives?

Or

- (b) From the following particulars, prepare a funds flow statement.

Increase in working capital Rs. 4,000; Net profit before writing off goodwill Rs. 10,750; depreciation on fixed assets Rs. 1,750; dividend of the previous year paid Rs. 3,500; Goodwill written off Rs. 5,000; shares issued for cash Rs. 5,000; purchase of machinery Rs. 10,000

13. (a) From the following data calculate:

- (i) P/V Ratio
- (ii) Variable cost and
- (iii) Profit

	Rs.
Sales	80,000
Fixed expenses	15,000
Break even point	50,000

Or

- (b) You are required to calculate Break even volume from the following data:

Profit Rs. 5,000 (20% of sales)

P.V. Ratio is 50%.

14. (a) Give the following information, calculate material yield variance

Material	Standard			Actual price		
	Qty	Per unit	Total	Qty	Per unit	Total
	Kg	Rs.	Rs.	Rs.	Rs.	Rs.
A	200	5	1,000	200	5	1,000
B	500	3	1,500	500	3	1,500
Less	700			700		
Normal wastage	75					
			Actual Wastage	100		
	<u>625</u>		<u>2,500</u>	<u>600</u>		<u>2,500</u>

Or

- (b) From the following data, calculate Overhead variances

	Budgeted	Actual
	Rs.	Rs.
Fixed overheads	3,00,000	3,20,000
Output in units	30,000	26,000
Working hours	75,000	60,000

15. (a) Production cost of a factory for a year is as follows:

	Rs.
Direct materials	1,20,000
Direct wages	75,000
Production overheads (fixed)	40,000
Production overheads (variable)	60,000

During the forth coming year it is anticipated that:

- (i) The average rate of direct labour remuneration will fall from Rs. 5 to Rs. 4 per hour
- (ii) Production efficiency will remain unchanged
- (iii) Direct labour hours will increase by 20%
- (iv) The purchase price per unit of direct materials and production overheads remain unchanged.

Draw up production cost budget.

Or

- (b) Prepare a cash budget for January to April months from the following information

Month	Purchases	Sales
January	48,000	60,000
February	80,000	40,000
March	81,000	45,000
April	90,000	40,000

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 600 words.

16. (a) Explain the advantages and limitations of management accounting.

Or

- (b) Explain the functions of management accounting.

17. (a) From the following balance sheets of Mr. Sridhar prepare a funds flow statement

	30 th June 1999	30 th June 2000
	Rs.	Rs.
Cash	5,000	2,300
Debtors	17,500	19,200

	30 th June 1999	30 th June 2000
	Rs.	Rs.
Stock	12,500	11,000
Land	10,000	15,000
Building	25,000	27,500
Machinery	40,000	43,000
	<u>1,10,000</u>	<u>1,18,000</u>
Creditors	18,000	20,500
Bank loan	15,000	19,500
Capital	<u>77,000</u>	<u>78,000</u>
	<u>1,10,000</u>	<u>1,18,000</u>

Drawings of Mr. Sridhar during the year was Rs. 20,000. Depreciation charges on machinery was Rs. 4,000.

Or

(b) The comparative balance sheet of M/S. Ram brothers for the two years were as follows:

Liabilities	December 31	Assets	December 31
	1998	1999	1998
	Rs.	Rs.	Rs.
Capital	1,50,000	1,75,000	Land
Loan			and
from			Building
Bank	1,60,000	1,00,000	Machinery
			1,10,000
			1,50,000
			2,00,000
			1,40,000

Liabilities	December 31		Assets	December 31	
	1998	1999		1998	1999
	Rs.	Rs.		Rs.	Rs.
Creditors	90,000	1,00,000	Stock	50,000	45,000
Bills payable	50,000	40,000	Debtors	70,000	80,000
Loan From S.B.I	—	25,000	Cash	20,000	25,000
	<u>4,50,000</u>	<u>4,40,000</u>		<u>4,50,000</u>	<u>4,40,000</u>

Additional information:

- (i) Net profit for the year 1999 amounted to Rs. 60,000
- (ii) During the year a machine costing Rs. 25,000 (accumulated depreciation Rs. 10,000) was sold for Rs. 13,000. The provision for depreciation against machinery as on 31.12.1998 was Rs. 50,000 and on 31.12.1999 Rs. 85,000

You are required to prepare a cash flow statement.

18. (a) From the following data, you are required to calculate the break-even point and net sales value at this point:

Selling price per unit Rs. 25

Direct material cost per unit 8

Direct labour cost per unit 5

Fixed overheads 24,000

Variable overheads @ 60% on direct labour.

Trade discount 4%

If sales are 15% and 20% above the break even volume determine the net profits.

Or

- (b) The cost volume and profit relationship of a company is described by equation $Y = \text{Rs. } 3,00,000 + 0.7 X$ in which X represents sales and Y represents total cost.

Find out

- (i) P.V. Ratio
- (ii) B.E. sales
- (iii) Sales volume required to earn a profit of Rs. 60,000
- (iv) Sales volume when there is a loss of Rs. 30,000.

19. (a)	Budgeted	Actual
Net of working days	20	22
Man hours per day	8,000	8,400
Output per man hour in units	1	0.9
Overhead cost	1,60,000	1,68,000

Calculate over head variances.

Or

(b) Distinguish between budgetary control and standard costing.

20. (a) Define budgetary control and state its advantages and limitations.

Or

(b) X Limited affairs sales of Rs. 4,00,000 at 80 per cent on its normal capacity and its expenses are given below:

Administrative Costs	Selling and Distribution Cost	
	Rs.	Rs.
Office salaries	90,000	Manager's
Depreciation	7,500	salary 50,000
Rate and taxes	8,750	Salesmen
	salary	8% of sales
	Travelling	
	expenses	2% of sales
	General	
	expenses	1% of sales

Administrative Costs

Selling and Distribution
Cost

Rs.

Rs.

Packing

expenses

1% of sales

Prepare a flexible budget operating at 90%
and 100% of normal capacity.
