Reg. No. : ....................................

**Code No. : 5830** **Sub. Code : KKCM 11/ KKAM 11**

M.Com./M.Com. with Computer Applications (CBCS) DEGREE EXAMINATION, NOVEMBER 2016.

First Semester

Commerce/Commerce with Computer Applications

MANAGEMENT ACCOUNTING

(For those who joined in July 2016 onwards)

Time : Three hours Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Accounting designed for use in the operational needs of the business is termed as ————
   (a) Cost Accounting
   (b) Management Accounting
   (c) Financial Accounting
   (d) Auditing

2. Common-size statements and financial ratios of income statements refer to

(a) Horizontal Analysis

(b) Vertical Analysis

(c) Trend Analysis

(d) Financial Analysis

3. Fund Flow Statement is also termed as ————

(a) Summary of financial operations

(b) Fund generated and expended

(c) Statement of sources and application of fund

(d) All the above

4. Which of the following relates to cash flow statement?

(a) Movement of cash

(b) Movement of working capital

(c) Movement of fund

(d) Both (a) and (b)



5. Costing method in which fixed factory overheads are added to inventory is

(a) Direct costing (b) Marginal costing

(c) Absorption costing (d) Standard costing

6. When Profit — Volume Ratio is 40% and sales value Rs. 20,000 the variable costs will be

(a) Rs. 3,000 (b) Rs. 8,000

(c) Rs. 5,000 (d) Rs. 12,000

7. The system which determines what should be the cost in advance of production is called ———— system

(a) Process costing (b) Standard costing

(c) Historical costing (d) Batch costing

8. Overhead Expenditure Variance is the difference between

(a) Recovered overheads and Budgeted overheads

(b) Budgeted overheads and Actual overheads

(c) Standard overheads and Actual overheads

(d) None of these

9. Production Budget is prepared on the basis of ———.

(a) Sales Budget

(b) Flexible Budget

(c) Expenditure Budget

(d) Cash Budget

10. A ——— is a document which set out the utilizations of the persons engaged in budgetary control.

(a) Budget Program (b) Budget Manual

(c) Budget Planning (d) Master Budget

PART B — (5 × 5 = 25 marks)

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

Each answer should not exceed 250 words.

11. (a) Explain the functions of Management Accounting.

Or

(b) From the following details find out :

(i) Current assets

(ii) Current liabilities

(iii) Liquid Assets

(iv) Stock

Current ratio : 2.8; Liquid ratio : 1.5; Working capital : Rs. 1,62,000.



12. (a) Statement of financial position of XYZ Ltd., is given :

| Liabilities | 1987 Rs. | 1988 Rs. | Assets | 1987 Rs. | 1988 Rs. |
|---|---|---|---|---|---|
| Share capital | 18,000 | 19,000 | Cash | 6,000 | 4,000 |
| Creditors | 6,400 | 7,600 | Debtors | 15,500 | 19,000 |
| P and L a/c | 2,900 | 3,500 | Building | 5,000 | 6,200 |
| | | | Patent rights | 800 | 900 |
| | 27,300 | 30,100 | | 27,300 | 30,100 |

You are required to prepare a statement of flow of cash.

Or

(b) Calculate funds from operations from the following Profit and Loss A/c.

Profit and Loss Account

| Particulars | Rs. | Particulars | Rs. |
|---|---|---|---|
| To expenses paid | 3,00,000 | By gross profit | 4,50,000 |
| To Depreciation | 70,000 | By gain on sale of land | 60,000 |
| To loss on sale of machine | 4,000 | | |
| To discount | 200 | | |
| To goodwill | 20,000 | | |
| To Net profit | 1,15,800 | | |
| | 5,10,000 | | 5,10,000 |

13. (a) From the following details find out :

(i) Profit volume ratio

(ii) Break-even sales and

(iii) Margin of safety.

| | Rs. |
|---|---|
| Sales | 1,00,000 |
| Total cost | 80,000 |
| Fixed cost | 20,000 |
| Net profit | 20,000 |

Or

(b) What are the managerial uses of marginal costing?

14. (a) From the following data, calculate material yield variance :

| | *Standard mix* | *Actual mix* |
|---|---|---|
| Material A | 200 units at Rs. 12 | 160 units at Rs. 13 |
| Material B | 100 units at Rs. 10 | 140 units at Rs. 10 |

Standard loss allowed is 10% of input. Actual output is 275 units.

Or

(b) Distinguish between Budgetary Control and Standard Costing.



15. (a) Write a short note on :

(i) Zero base budgeting

(ii) Master Budget.

Or

(b) Prepare a flexible budget for production at 80% and 100% activity on the basis of the following information :

Production at 50% capacity – 5,000 units

| | |
|---|---|
| Raw materials | – Rs. 80 per unit |
| Direct labour | – Rs. 50 per unit |
| Direct expenses | – Rs. 15 per unit |
| Factory expenses | – Rs. 50,000 (50% fixed) |
| Administration expenses | – Rs. 60,000 (60% variable) |

PART C — (5 × 8 = 40 marks)

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

Each answer should not exceed 600 words.

16. (a) Distinguish between Management Accounting and Cost Accounting.

Or

(b) What is Ratio Analysis? Discuss its uses and limitations.

17. (a) Distinguish between Fund Flow and Cash Flow statement.

Or

(b) The balance sheets of National Ltd. are as under :

| Liabilities | 1999 Rs. | 2000 Rs. | Assets | 1999 Rs. | 2000 Rs. |
|---|---|---|---|---|---|
| Share capital | 50,000 | 70,000 | Buildings | 8,000 | 12,000 |
| General reserve | 5,000 | 7,000 | Machinery | 50,000 | 70,000 |
| Profit and Loss a/c | 10,000 | 16,000 | Stock | 10,000 | 8,000 |
| Sundry creditors | 16,000 | 19,000 | Debtors | 12,000 | 16,000 |
| Bills payable | 4,000 | 3,000 | Cash | – | 9,000 |
| | | | Discount on shares | 5,000 | – |
| | 85,000 | 1,15,000 | | 85,000 | 1,15,000 |

Additional information :

(i) Depreciation charged on fixed assets @ 10% p.a.

(ii) Dividend paid for the year 1999 @ 12%

Prepare fund flow statement.



18. (a) The sales and profit for 2010 and 2011 are as follows.

| Year | Sales (Rs.) | Profit (Rs.) |
|---|---|---|
| 2010 | 1,50,000 | 20,000 |
| 2011 | 1,70,000 | 25,000 |

Find out :

(i) P/V Ratio

(ii) BEP

(iii) Sales for a profit of Rs. 40,000

(iv) Profit for sales of Rs. 2,50,000 and

(v) Margin of safety at a profit of Rs. 50,000.

Or

(b) Explain the advantages and limitations of Management Accounting.

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

| Product | Budgeted sales | | Actual sales | |
|---|---|---|---|---|
| | Quantity units | Price Rs. | Quantity units | Price Rs. |
| A | 1,000 | 20 | 1,300 | 21 |
| B | 2,000 | 15 | 2,300 | 14 |
| | 3,000 | | 3,600 | |

Or

(b) Calculate the material :

(i) Cost variance

(ii) Price variance and

(iii) Quantity variance

| | Qty | Standard Rate Rs. | Amount Rs. | Qty | Actual Rate Rs. | Amount Rs. |
|---|---|---|---|---|---|---|
| A | 4 | 100 | 400 | 2 | 350 | 700 |
| B | 2 | 200 | 400 | 1 | 200 | 200 |
| C | 2 | 400 | 800 | 3 | 300 | 900 |
| | 8 | | 1600 | 6 | | 1800 |

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

| Variable overheads | At 60% capacity Rs. |
|---|---|
| Indirect material | 6,000 |
| Indirect labour | 18,000 |
| Semi-variable overheads | |
| Electricity (40% fixed 60% variable) | 30,000 |
| Repairs (80% fixed 20% variable) | 3,000 |



| Fixed overheads | |
|---|---|
| Depreciation | 16,500 |
| Insurance | 4,500 |
| Salaries | 15,000 |
| Total overheads | 93,000 |
| Estimated direct labour hours | 1,86,000 |

Or

(b) What is budgeting control? What are its objectives?

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