

BCOM 3004

B.Com. DEGREE EXAMINATION, JANUARY 2022.

Third Year/Non-Semester

Commerce

MANAGEMENT ACCOUNTING

Time : Three hours

Maximum : 100 marks

PART A — (5 × 8 = 40 marks)

Answer any FIVE out of Eight of the questions.

1. Distinguish between management accounting and cost accounting.
2. What are the characteristics of Management Accounting?
3. Calculate Gross Profit Ratio from the following figures :

Particulars	Amounts (Rs.)
Sales	10,00,000
Sales returns	1,50,000
Opening stock	2,00,000
Purchases	6,50,000
Purchases returns	1,50,000
Closing stock	70,000

4. The standard material required to manufacture one unit of product X is 10 kg. and the standard price per kg. of material is Rs. 2.50. The cost accounts records, however, reveal that 11,500 kg. of materials costing Rs. 27,600 were used for manufacturing 1,000 units of product X. Calculate material variances.
5. From the following information relating to JBM Ltd., you are required to find out
- (a) P/V ratio
 - (b) Break even point
 - (c) Profit
 - (d) Margin of safety
 - (e) volume of sales to earn profit of Rs. 6,000

	Rs.
Total fixed costs	4,500
Total variable costs	7,500
Total sales	15,000

6. Prepare a production budget from the following information :

Product	Estimated stock on 1.1.2014 (Units)	Estimated sales during Jan to March 2014 (Units)	Desired closing stock 31.3.2014 (Units)
R	2000	10000	3000
S	3000	15000	5000
U	4000	13000	3000
P	3000	12000	2000

7. Prepare the Statement of Changes in Working Capital from the following Balance Sheet:

Liabilities	2017	2018	Assets	2017	2018
	Rs. (000s)	Rs. (000s)		Rs. (000s)	Rs. (000s)
Equity Capital	500	500	Fixed Assets	600	700
Debentures	370	450	Long Term Investment	200	100
Tax Payable	77	43	Work in Progress	80	90
Creditors	96	192	Stock	150	225
Interest Payable	37	45	Debtors	70	140
Dividend Payable	50	35	Cash	30	10

8. What is 'Funds Flow Statement'? Explain its various uses.

PART B — (4 × 15 = 60 marks)

Answer any FOUR out of Six of the questions.

9. Explain the advantage and limitations of management accounting.

10. The standard cost of a chemical mixture is as under :

8 tons of material A at Rs. 40 per ton 12 tons of material B at Rs. 60 per ton Standard yield is 90% of output Actual cost for a period is as under :
10 tons of material A at Rs. 30 per ton 20 tons of material B at Rs. 68 per ton Actual yield is 26.5 tons.

Compute all materials variances.

11. From the following Balance Sheet Prepare the Fund Flow Statement :

Liabilities	2017 Rs. (000s)	2018 Rs. (000s)	Assets	2017 Rs. (000s)	2018 Rs. (000s)
Equity Capital	300	400	Buildings	200	170
Redeem Pref.			Goodwill	115	90
Shares	150	100	Plant	80	200
General Reserve	40	70	Stock	77	109
Creditors	55	83	Debtors	160	200

Liabilities	2017 Rs. (000s)	2018 Rs. (000s)	Assets	2017 Rs. (000s)	2018 Rs. (000s)
Profit & Loss	30	48	Cash	15	10
Proposed Dividend	42	50	Bank	10	8
Bills Payable	20	16	Bills		
Provision Tax	40	50	Receivable	20	30
	<u>677</u>	<u>817</u>		<u>677</u>	<u>817</u>

Additional Information :

- (a) Depreciation of Rs. 10,000 and Rs. 20,000 have been charged on plant and Buildings respectively
- (b) A Dividend of Rs. 20,000 has been paid during the year
- (c) Income tax of Rs. 35,000 has been paid during the year

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

	Rs.
Indirect material	6,000
Indirect labour	18,000
Semi-variable	
Overheads Electricity	30,000
(40% fixed 60% variable)	

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

13. The Ratio relating to Metro Ltd. Are given as follows :

Gross Profit Ratio	30%
Stock Velocity	6 moths
Debtors Velocity	3 months
Creditors Velocity	3 months

Gross profit for the year ending Dec 31, 2014 amount to Rs. 1,20,000 Closing stock is equal to opening stock

Find out :

- Sales
- Closing Stock
- Debtors
- Creditors.

14. From the following information calculate Net Present Value of the two projects and suggest which of the two projects should be accepted :

	Project X	Project Y
	Rs.	Rs.
Investment	50,000	80,000
Scrap value	1,000	2,000

	Year 1	Year 2	Year 3	Year 4	Year 5
Project X	15,000	20,000	20,000	13,000	12,000
Project Y	30,000	40,000	35,000	32,000	12,000
PV factor @ 8%	0.926	0.857	0.794	0.735	0.681
