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M 5961

Reg. No. : ....

Name : .....

# VI Semester B.Com. Degree (CCSS – Reg./Supple./Improv.) Examination, May 2014 CORE COURSE IN COMMERCE 6B14 COM : Management Accounting

Time: 3 Hours

Max. Weightage: 30

#### PART-A

This Part consist of **two** bunches of question carrying **equal** weightage of **one**. **Each** bunch consist of **four** objective type questions. Answer **all** questions.

- I. 1. Management Accounting provides valuable services to management in performing
  - a) Planning function
- b) Controlling functions
- c) Coordinating function
- d) All managerial functions

### 2. Long term solvency is indicated by

- a) Rate of return b) Liquid ratio
- c) Debt-equity ratio d) Capital gearing ratio
- 3. If operating ratio is 79%, the net profit ratio will be
  - a) 15% b) 21% c) 7%

d) None of these

- 4. Increase in fixed asset due to purchase is
  - a) Sources of fund b) Application of fund
  - c) Decrease in working capital d) None of these
- II. State whether the following statements are true or false :
  - 5. Contribution is also known as marginal income.
  - 6. Fixed budget is related to budgeting for fixed asset.
  - 7. Fixed cost are not included in the valuation of stock under marginal costing.
  - 8. Budgeted sales and standard sales are synonymous. (2×1=2 Weight)

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#### PART-B

Answer any eight questions. Each question carries a weightage of one.

9. How will you calculate debt-equity ratio ?

10. What do you mean by ratio?

11. State the reason for material cost variance.

12. Define fixed budget.

13. What is budget period ?

14. What is principal budget factor ?

15. What is gross working capital ?

16. What do you mean by share holder's fund?

17. Define budget.

18. What is budget manual?

(8×1=8 Weight)

#### PART-C

Answer any six question. Each carries a weightage of two.

19. What are the limitations of budgeting?

20. A Ltd., has introduced standard costing system and has furnished the following information :

Standard : Material for 70 kg of finished goods	100 kg
Price of materials	Rs. 1 per kg
Actual : Output	21,000 kg
Materials used	2,80,000 kg
Cost of materials	2,52,000
Calculate material cost variance.	

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21. Explain the nature of financial statement.

22. APRA Ltd., sell goods on cash as well as on credit. The following particulars are taken from their books of account for the year ending 31-12-2010.

Total sales	1,00,000
Cash sales	20,000
Sales return	7,000
Total Debtors 31-12-2010	9,000
Bills Receivable 31-12-2010	2,000
Provision for bad debts 31-12-2010	1,000
Calculate average collection period.	

23. Margin of safety = Rs. 8,000 which represents 40% of sales.

P/V ratio = 50%

You are required to find out :

- a) Break even sales
- b) Fixed cost
- c) Total profit.

24.	Break even sales	Rs.	8,000		
	Fixed cost	Rs.	3,200		
	Find out profit when sales are Rs. 10.000.				

25. What are the requisites of a successful budgetary control system ?

26. On 1<sup>st</sup> January 2010, the balance of 6%. Debentures a/c was Rs. 3,00,000, Rs. 30,000 Debenture was repaid @5% premium. Rs. 20,000 debenture were purchased @ Rs. 95 from the market and cancelled. The balance of 6% debentures a/c at the and of 2010 was Rs. 2,50,000. Find out the amount of fund outflow on account of debentures. (6×2=12 Weight)

#### PART-D

Answer any two questions. Each carries a weightage of 4.

27. Discuss the different techniques used for analysis and interpretation of financial statements.

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28. From the information given below prepare flexible budget for 60% and 80% capacities, and fix the total overhead rates as a percent on direct wage at there capacities.

	At 60%	At 75%	At 80%
	Capacity	Capacity	Capacity
Variable overheads			Cash and
Indirect material		7,500	
Indirect labour		22,500	
Semi-variable overheads			
Electricity (40% fixed, 60% variable)		37,500	
Repairs and maintenance			
(80% fixed and 20% variable)		3,750	
Fixed Overheads			
Salaries		1,00,000	
Insurance		5,000	
Depreciation		25,000	
Estimated direct wages Do 10.050 at 75%	an a site :		

Estimated direct wages Rs. 40,250 at 75% capacity.

29. Balance Sheet of M/s Devinanda Ltd., on 1-1-2011 and 31-12-2011 were as under.

	1-1-2011	31-12-2011		1-1-2011	31-12-2011
Creditors	40,000	44,000	Cash	10,000	7,000
Mrs. Devi's Ioan	25,000	angle d <u>ui</u> re	Debtors	30,000	50,000
Loan from Bank	40,000	50,000	Stock	35,000	25,000
Capital	1,25,000	1,53,000	Machinery	80,000	55,000
			Land	40,000	50,000
			Building	35,000	60,000
Slandard "Algebra	2,30,000	2,47,000		2,30,000	2,47,000

During the year, a machine costing Rs. 10,000 (total depreciation written off Rs. 3,000) was sold for Rs. 5,000. The provision for depreciation against machinery as on 1-1-2011 was Rs. 25,000 and on 31-12-2011 Rs. 40,000. Net profit for the year 2011 amounted to Rs. 45,000. Prepare cash flow statement. (2×4=8 Weight)