



M 3248

Reg. No. :

Name :



VI Semester B.A./B.Sc./B.Com./B.B.A./B.B.A.T.T.M./B.B.M./B.C.A./B.S.W./
B.A. Afsal-UI-Ulama Degree (CCSS – Reg./Supple./Improv.)

Examination, May 2013

CORE COURSE IN COMMERCE

6 B14 COM : Management Accounting

Time : 3 Hours

Max. Weightage : 30

PART – A

This Part consist of **2** bunches of question carrying **equal** weightage of **one**. **Each** bunch consist of **4** objective type questions. Answer **all** questions.

- I. 1. Stock in the beginning results in
- | | |
|-------------------------|--------------------|
| a) Application of funds | b) Source of funds |
| c) No flow of funds | d) None of these |
2. State which of the following is a non-current liability ?
- | | |
|-------------------------|-------------------|
| a) Mortgage loan | b) Bank balance |
| c) Outstanding salaries | d) Stock in trade |
3. Financial statements are
- | | |
|----------------------|----------------------|
| a) Estimate of facts | b) Anticipated facts |
| c) Recorded facts | d) None of these |
4. The difference between actual cost and standard cost is
- | | |
|-------------|----------------------|
| a) Profit | b) Differential cost |
| c) Variance | d) Non of these |
- (W = 1)**

II. State whether the following statements are **true** or **false** :

5. Idle time variance = Idle hours × Actual rate.
 6. The word fund means difference between current asset and current liabilities.
 7. Good will is a current asset.
 8. Depreciation is a source of fund.
- (W = 1)**

P.T.O.



PART – B

Answer **any eight** questions in **one** or **two** sentence **each**. **Each** question carries a weightage of **one** .

9. What is trend analysis ?
10. What do you mean by acid test ratio ?
11. When does flow of fund takes place ?
12. What is short term budget ?
13. Define budget manual.
14. Distinguish between period cost and product cost.
15. Define marginal cost.
16. What do you mean by angle of incidence ?
17. What is material mix variance ?
18. Name any four ratios. Which indicate the liquidity of the concern ? (8×1=8)

PART – C

Answer **any six** questions. **Each** question carries a weightage of **two** :

19. Explain briefly the purpose of Management Accounting.
20. Discuss any five limitations of financial analysis.
21. From the following information calculate debtors turnover ratio
Annual credit sales – Rs. 25,000
Return inwards – 1,000
Debtors – 3,000
Bills receivable – 1,000
22. The extracts of a Balance Sheet reveals that their is an opening balance of trade investment amounting to Rs. 20,000 and a closing balance of Rs. 30,000, Rs. 3,000 by way of dividends have been received during the year including Rs. 1,000 from pre-acquisition profits which have been credited to investment account. You are required to find out the cost of investments purchased during the year to be shown as application of funds.



23. With the following data for a 60% activity, prepare a budget for production at 80% and 100% capacity

Production at 60% capacity	600 units
Materials	Rs. 100 per unit
Labour	Rs. 40 per unit
Direct expenses	Rs. 10 per unit
Factory overhead	Rs. 40,000 (40% fixed)
Administration expenses	Rs. 30,000 (60% fixed)

24. From the data given below, calculate :

- 1) Material cost variance
- 2) Material price variance

Product	Std. Qty.	Std. Price	Actual Qty.	Actual Price
A	1050	2.00	1100	2.25
B	1500	3.25	1400	3.50

25. From the following information, ascertain by how much the value of sales must be increased by the company to break even.

- Sales = Rs. 3,00,000
- Fixed cost = Rs. 1,50,000
- Variable cost = Rs. 2,00,000

26. What are the assumptions of marginal costing ? **(6x2=12 Weightage)**

PART – D

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

- 27. Describe the essential steps of a budgetary control system.
- 28. Parry Confectioneries Ltd. manufactures and markets a single product. The following data are available :

	Per unit
Material	16
Conversion cost (variable)	12
Dealers' margin (10% of sale)	4



Selling price	40
Fixed cost	Rs. 5 lakhs
Present sales :	9000 units
Capacity utilisation	60%

There is shift competition. Extra efforts are necessary to sell. Suggestions have been made for increasing sales.

- By reducing sale price by 5%
- By increasing dealers' margin by 25% of the existing rate.

Which of the two suggestions would you recommend of the company desires to maintain the present profit ? Give reasons.

29. The following are the summaries of the balance sheet of Suresh and Co. as at 31st December 2010 and 2011 :

Liabilities	2010	2011	Assets	2010	2011
Share capital	2,00,000	2,50,000	Land and building	2,00,000	1,90,000
General reserve	50,000	60,000	Plant	1,50,000	1,74,000
Profit and Loss A/c	30,500	30,600	Stock	1,00,000	74,000
Bank loan (short term)	70,000	—	Debtors	80,000	64,200
Creditors	1,50,000	1,35,200	Cash	500	600
Provision for taxation	30,000	35,000	Bank	—	8,000
	5,30,500	5,10,800		5,30,500	5,10,800

Additional Information :

- Depreciation was written off plant Rs. 14,000 in 2011
- Dividend of Rs. 20,000 was paid during 2011.
- Income tax provision made during the year was Rs. 25,000
- A piece of land has been sold during the year at cost.

You are required to prepare a statement showing sources and application of funds for the year 2011 and a schedule of changes in working capital.

(2×4=8 Weightage)