



K17U 0418

Reg. No. :

Name :

VI Semester B.Com. Degree (CBCSS – Regular) Examination, May 2017
(2014 Admn.)
Core Course
6B15COM : MANAGEMENT ACCOUNTING

Time : 3 Hours

Max. Marks : 40

PART – A

I. Answer **all** questions. **Each** carries $\frac{1}{2}$ mark.

- 1) The comparison of two or more departments or divisions in the same firm is
- 2) A document which sets out the responsibilities of persons engaged in the routine work and the forms and records required for budgetary control is
- 3) A large angle of incidence with high _____ indicates the most favourable position of a business.
- 4) The difference between standard cost and actual cost is called

(4x $\frac{1}{2}$ = 2)

PART – B

II. Answer **any four** questions. **Each** carries **one** mark.

- 5) What do you mean by EPS ?
- 6) What is a limiting factor ?
- 7) What do you mean by rolling budget ?
- 8) What is CVP ?
- 9) What do you mean by make or buy decision ?
- 10) What is historical costing ?

(4x1=4)

P.T.O.



PART – C

III. Answer **any six** questions (**not exceeding one page**). **Each** carries **three** marks.

- 11) What are the procedures for setting standards ?
- 12) What are the steps involved in preparation of budgets ?
- 13) What do you mean by pricing decision ? What are the circumstances under which pricing of a product is done below the marginal cost ?
- 14) What are the tools of management accounting ?
- 15) Net profit after interest and tax is Rs. 4,00,000/-; Tax rate is 50%; Long term debt of the company is Rs. 8,00,000/-, at an average interest rate of 10%. Calculate the Interest Coverage Ratio.
- 16) The income statements of a concern are given for the year ending 31st March 2015 and 2016. Rearrange the figures in a comparative form and interpret the result.

Items	2015	2016
Net sales	15,70,000	18,00,000
Cost of goods sold	9,00,000	10,00,000
Operating expenses :		
General and Administrative expenses	1,40,000	1,44,000
Selling expenses	1,60,000	1,80,000
Non-operating expenses :		
Interest paid	50,000	60,000
Income tax	1,40,000	1,60,000

- 17) The standard quantity of material and standard price per kg of material required for the production of one unit of product P is as follows :

Material 5 kg

Standard price Rs. 15/kg

The actual production and related material data are as follows :

Product P 500 units

Materials used 2,200 kg

Price of the materials Rs. 14.40



Calculate :

- i) Material Cost Variance (MCV)
- ii) Material Usage Variance (MUV)
- iii) Material Price Variance (MPV).

18) The information's of X Ltd are as follows :

Variable cost per unit	Rs.	15
Fixed cost	Rs.	54,000
Selling price per unit	Rs.	20

Calculate break even sales. What should be the selling price per unit if break-even point should be brought down to 6000 units ? **(6×3=18)**

PART – D

IV. Answer **any two** questions. **Each** carries **eight** marks.

19) The ratios relating to G Ltd. are given as follows :

Gross Profit Ratio	:	15%
Stock Velocity	:	6 months
Debtors Velocity	:	3 months
Creditors Velocity	:	3 months

Gross profit for the year ending Dec. 31, 2016 amounts to Rs. 60,000. Closing stock is equal to opening stock. Find out (a) sales, (b) closing stock, (c) sundry debtors, (d) sundry creditors.

20) The following are the summarised balance sheet of Ayodhya Ltd. as on 31st March 2015 and 2016.

Balance Sheet

Liabilities	2015	2016	Assets	2015	2016
Share Capital	2,00,000	2,50,000	Land & building	2,00,000	1,90,000
General reserve	50,000	60,000	Machinery	1,50,000	1,69,000
Profit & loss A/c	30,500	30,600	Stock	1,00,000	74,000



Bank loan	70,000	–	Debtors	80,000	64,200
Creditors	1,50,000	1,35,200	Cash	500	600
Provision for tax	30,000	35,000	Bank	–	8,000
			Goodwill	–	5,000
	5,30,500	5,10,800		5,30,500	5,10,800

Additional information :

- Dividend of Rs. 23,000 was paid.
 - Assets of another company were purchased for a consideration of Rs. 50,000 payable in shares. The following assets were purchased : stock Rs. 20,000; machinery Rs. 25,000.
 - Machinery was further purchased for Rs. 8,000.
 - Depreciation written off on machinery Rs. 12,000.
 - Income tax provided during the year, Rs. 33,000.
 - Loss on sale of machinery Rs. 200 was written off to general reserve.
- 21) From the following data, forecast the cash position at the end of April, May and June 2016 :

Month	Sales	Purchases	Wages	Miscellaneous
February	1,20,000	84,000	10,000	7,000
March	1,30,000	1,00,000	12,000	8,000
April	80,000	1,04,000	8,000	6,000
May	1,16,000	1,06,000	10,000	12,000
June	88,000	80,000	8,000	6,000

Additional information :

- Sales: 20% realised in the month of sales, discount allowed 2%; balance realised equally in two subsequent months.
- Purchases: these are paid in the month of supply.
- Wages: 25% paid in arrears in the following month.
- Miscellaneous expenses: paid a month in arrears.
- Rent: Rs. 1,000 per month paid quarterly in advance in April.
- Income tax: first instalment of advance tax Rs. 25,000 due on or before 15th June.
- Income from investment: Rs. 5,000 received quarterly, in April, July, etc.
- Cash in hand: Rs. 5,000 on 1st April, 2016. (2×8=16)