Vidya Vikas Mandal's
Shree Damodar College of Commerce & Economics, Margao
M.Com. (Semester I) Semester End Examination, November 2022 (Repeat)
COC120: Cost and Management Accounting (OA-18A)

Duration: 3 hours **Max. marks 60**

Instructions:

1. This paper consists of **Nine** Questions carrying **Equal** marks.
2. Question No.1 consists of **5 Compulsory** Questions of 2 Marks **Each**.
3. Answer any **5** questions from Question **2,3,4,5,6,7,8 and 9**.
4. **Each** question carries **10** marks. Figures to the **right** indicate marks.

Q.1) Answer the following: **(5x2=10)**

(a) Zero Based Budgeting
(b) Distinction between Cashflow and Funds flow statements
(c) Performance Budgeting
(d) Any four techniques of Management Accounting
(e) P/V Ratio and its Significance

Q.2) Star Ltd. provides you the following information:

Normal Capacity	40,000 units
Units Produced	50,000 units
Closing Stock	5,000 units
Opening Stock	?
Units Sold	48,000 units
Selling Price per unit	Rs. 25
Variable Cost per unit:	
Direct Material	Rs.5
Direct Labour	Rs.4
Variable Production overheads per unit	Rs.3
Fixed Overheads:	
Production Overheads	Rs.40,000
Administration Overheads	Rs. 30,000
Selling & Distribution Overheads	Rs.30,000

You are required to:

(i) Prepare an Income Statement under Absorption Costing and Marginal Costing and (ii) Explain the reason for difference in the profits under both the methods. **(10)**

Q.3) What purpose is served by instituting a budgetary control system in an organization having both manufacturing and selling activities? **(10)**

Q.4)

(A) From the following data, prepare a Flexible Budget for production of 40,000 units, 60,000 units and 75,000 units and also calculate cost per unit. (6)

Particulars	**100,000 units (Cost per Unit)**
Direct Materials	90
Direct Labour	45
Variable Expenses	10
Variable Manufacturing overheads	40
Fixed Production overheads	5
Fixed Administrative overheads	5
Selling overheads (10% Fixed)	10
Distribution (20% Fixed)	15

(B) What is Ratio Analysis? State its advantages and disadvantages. **(4)**

Q.5) (A) The Standard Cost of a chemical mixture is as follows:

40% Material A at Rs.20 per kg

60% Material B at Rs. 30 per kg

A standard loss of 10% of input is expected in production. The cost records for a period showed the following usage:

90 kg Material A at a cost of Rs.18 per kg

110 kg Material B at a cost of Rs. 34 per kg

The quantity produced was 182 kg of good product. Calculate 1) Material Cost Variance, 2) Material Price Variance,3) Material Usage Variance, 4) Material Mix Variance 5) Material Yield variance. **(6)**

(B) In a manufacturing concern, the standard time fixed for a month is 8,000 hours. A standard wage rate of Rs.2.25 per hour has been fixed. During one month, 50 workers were employed and average working days in a month are 25. A worker works for 7 hours in a day. Total wage bill of the factory for the month amounts to Rs. 21,875. There was a stoppage of work due to power failure (idle time) for 100 hours.

Calculate: 1) Labour cost variance, 2) Labour rate variance, 3) Labour efficiency variance and 4) Idle time variance. **(4)**

Q.6) Calculate the following ratios from the given Balance Sheet and Comment on the Solvency, Profitability, and Leverage Positions of the firm.

(i) Current ratio

(ii) Debt equity Ratio

(iii) Fixed assets to Net Worth ratio

(iv) Return on Capital employed

Balance sheet as on 31-03-2019

Liabilities	Rs.	Assets	Rs.
600 Shares of Rs.100 each	60,000	Land	40,000
General Reserve	35,000	Plant	20,000
Dividend Equalization Reserve	5,000	Machines	27,500
Long Term Loans	20,000	Investments (fixed)	25,000
Bills Payable	30,000	Inventories	30,000
Provision for Tax	5,000	Bills Receivables	13,500
Profit & Loss Account		Cash and Bank	12,000
Balance 1,000		Preliminary expenses	8,000
Current year 20,000	21,000		
	1,76,000		**1,76,000**

(10)

Q.7) The Balance Sheets of Surindra Ltd. for the year 2018 and 2017 are given below.

Balance Sheets of Surindra Ltd. as at 31st March 2018 and 2017

Particulars	*31.3.2018 (Rs.)*	*31.3.2017 (Rs.)*
1. Equity and Liabilities		
Shareholders' funds		
Share Capital:		
Equity Share Capital	12,00,000	6,00,000
Preference Share Capital	9,00,000	5,00,000
Reserves and Surplus:		
Reserve Fund	5,00,000	4,00,000
Profit and Loss Balance	3,00,000	2,00,000
Non- Current Liabilities:		
Long Term Loans	5,00,000	2,00,000
Current Liabilities:		
Trade Payables (Creditors)	3,00,000	1,00,000
Total	**37,00,000**	**20,00,000**
2. Fixed Assets		
Fixed Assets (Gross)	28,00,000	15,00,000
Less: Depreciation	(8,00,000)	(5,00,000)
Investments	5,00,000	4,00,000
Current Assets:		
Inventories	6,50,000	4,50,000
Accounts Receivables	4,00,000	1,00,000
Cash	1,50,000	50,000
Total	**37,00,000**	**20,00,000**

1) You are required to comment on the financial position of the business with the help of Comparative Balance Sheet Technique. (07)

2) What do you understand by the analysis and interpretation of financial statement? Explain their utility and significance to the management and others who are interested in the business. (03)

Q.8) The Balance Sheet of Amar Ltd. is as follows:

Particulars	Note No.	31-03-2016 (Rs.)	31-03-2015 (Rs.)
1. Equity and Liabilities			
A. Shareholder's Funds:			
(a) Share Capital		1,00,000	1,00,000
(b) Reserves and Surplus	1	1,98,000	1,96,000
B. Non-Current Liabilities			
Long term borrowings	2	90,000	62,000
C. Current Liabilities			
Trade payables		82,000	72,000
Total		**4,70,000**	**4,30,000**
II. Assets			
A. Non-current assets			
Fixed assets (tangibles)	3	3,42,000	3,00,000
B. Current Assets			
(a) Inventory (stock)		44,000	50,000
(b) Trade receivables (debtors)		76,800	70,000
(c) Cash and Cash Equivalents		7,200	10,000
Total		**4,70,000**	**4,30,000**

Notes:

	31.3.2016 (Rs.)	31.3.2015 (Rs.)
1. Reserve and Surplus		
General reserves	1,00,000	1,00,000
Balance of Profit and Loss	98,000	96,000
	1,98,000	1,96,000
2. Long-term Borrowings		
Loan from Bank	50,000	62,000
Loan from Associate Company	40,000	--- ----
	90,000	62,000
3. Fixed Assets (Tangibles)		
Land	60,000	40,000
Buildings	1,10,000	1,00,000
Machinery	1,72,000	1,60,000
	3,42,000	3,00,000

Additional Information:

During the year Rs.52,000 was paid as dividends. The provision for depreciation against machinery as on 31.3.2015 was Rs. 54,000 and on 31.3.2016 was Rs. 72,000. You are required to prepare Cash flow statement.

(10)

Q.9) Explain the various types of variances analysis used in standard costing system and discuss in brief the preliminary steps for establishing as system of standard costing in a manufacturing organization. **(10)**

************ **All the Best** ***************