

**Vidya Vikas Mandal's**  
**Shree Damodar College of Commerce & Economics, Margao**  
**M.Com. (Semester I) Special Examination, March 2022**  
**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) Any four techniques of Management Accounting
- b) Zero Base Budgeting
- c) P/V Ratio and its Significance
- d) Limitations of Ratio Analysis
- e) Distinction between Cashflow and Funds flow statements

Q.2) X Ltd. has a production capacity of 2,00,000 units per year. Normal capacity utilization is reckoned as 90%. Standard variable production costs are Rs. 11 per unit. The fixed costs are Rs. 3,60,000 per year. Variable selling costs are Rs.3 per unit and fixed selling costs are Rs. 2,70,000 per year. The unit selling price is Rs.20. In the year just ended on 30<sup>th</sup> June 2015, the production was 1,60,000 units and sales were 1,50,000 units. The closing inventory on 30<sup>th</sup> June was 20,000 units. The actual variable production costs for the year were Rs. 35,000 higher than the standard.

(i) Calculate the profit for the year (a) by the absorption costing method, and (b) by the marginal costing method and also explain the difference in the profits. (10)

Q.3) Explain the various types of variances analysis used in standard costing system and discuss in brief the preliminary steps for establishing a system of standard costing in a manufacturing organization. (10)



Q.4) From the following forecasts of income and expenditure, prepare a cash budget for the month; January to April 2017.

Months	Sales (Credit) (Rs.)	Purchases (Credit) (Rs.)	Wages (Rs.)	Manufacturing expenses (Rs.)	Administrative Expenses (Rs.)	Selling Expenses (Rs.)
2016 Nov.	30,000	15,000	3,000	1,150	1,060	500
Dec.	35,000	20,000	3,200	1,225	1,040	550
2017 Jan.	25,000	15,000	2,500	990	1,100	600
Feb.	30,000	20,000	3,000	1,050	1,150	620
Mar.	35,000	22,500	2,400	1,100	1,220	570
April	40,000	25,000	2,600	1,200	1,180	710

Additional information:

1. The customers are allowed a credit period of 2 months.
2. A dividend of Rs. 10,000 is payable in the month of April.
3. Capital expenditure to be incurred: Plant purchased on 15<sup>th</sup> of January for Rs.5,000; a Building has been purchased on 1<sup>st</sup> March and the payments are to be made in monthly instalments of Rs.2,000 each.
4. The creditors are allowing a credit of 2 months.
5. Wages are paid on the 1<sup>st</sup> of the next month.
6. Lag in payment of other expenses is one month.
7. Balance of cash in hand on 1<sup>st</sup> January, 2017 is Rs. 15,000.

(10)

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. You are required to calculate all Material Variances.i.e: Material Cost Variance, Material Price Variance, Material Usage Variance, Material Mix Variance and 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 varianceand 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 (iii) Fixed assets to Net Worth ratio  
(ii) Debt equity 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		
	<b>1,76,000</b>		<b>1,76,000</b>

(10)

Q.7) The Balance Sheets of Srividya Ltd. for the year 2017 and 2016 are given below.

**Balance Sheets of Srividya Ltd. as at 31<sup>st</sup> March 2017 and 2016**

Particulars	31.3.2017(Rs.)	31.3.2016(Rs.)
<b>1. Equity and Liabilities</b>		
<i>Shareholders' funds</i>		
Share Capital:		
Equity Share Capital	12,00,000	6,00,000
Preference Share Capital	9,00,000	5,00,000
<i>Reserves and Surplus:</i>		
Reserve Fund	5,00,000	4,00,000
Profit and Loss-Balance	3,00,000	2,00,000
<i>Non- Current Liabilities:</i>		
Long Term Loans	5,00,000	2,00,000
<i>Current Liabilities:</i>		
Trade Payables (Creditors)	3,00,000	1,00,000
<b>Total</b>	<b>37,00,000</b>	<b>20,00,000</b>
<b>2. Assets</b>		
<i>Fixed Assets (Gross)</i>	28,00,000	15,00,000
Less: Depreciation	(8,00,000)	(5,00,000)
Investments	5,00,000	4,00,000
<i>Current Assets:</i>		
Inventories	6,50,000	4,50,000
Accounts Receivables	4,00,000	1,00,000



Cash	1,50,000	50,000
<b>Total</b>	<b>37,00,000</b>	<b>20,00,000</b>

- 1) You are required to comment on the financial position of the business with the help of Comparative Balance Sheet Technique. (7)
- 2) State any three objectives of preparing comparative financial statements. (3)

Q.8) The following are the Balance Sheets of Paschim Corporation Ltd. as on 31<sup>st</sup> March 2010 and 2011.

**Balance Sheets of Paschim Corporation Ltd. as on 31<sup>st</sup> March 2010 and 2011**

Liabilities	31-3-2010 (Rs.)	31-3-2011 (Rs.)	Assets	31-3-2010 (Rs.)	31-3-2011 (Rs.)
Share Capital (Paid-up):			Land & Buildings	60,000	50,000
11% cumulative preference shares	--	30,000	Plant & Machinery	30,000	50,000
Equity shares	1,10,000	1,20,000	Sundry Debtors	40,000	48,000
General Reserves	4,000	4,000	Stock	60,000	70,000
Profit & Loss Ac	2,000	2,400	Bank	2,400	7,000
9% Debentures	12,000	14,000	Cash	600	1,000
Provision for tax	6,000	8,400			
Proposed Dividend	10,000	11,600			
Current Liabilities	49,000	35,600			
	<b>1,93,000</b>	<b>2,26,000</b>		<b>1,93,000</b>	<b>2,26,000</b>

You are required to prepare a Schedule of Changes in Working Capital and a Statement of Flow of Funds showing all the necessary working notes and comment on the same.

Note: Provision for taxation and Proposed dividend to be considered as non-current Liability.

(10)

Q.9) The following schedule shows the Balance sheet in condensed form of Sanjeev Ltd. at the end of the year 31-03-2011. You are required to prepare a cash flow statement.

Particulars	31-03-2010	31-03-2011
<b>Assets:</b>		
Cash and Bank Balances	45,000	45,000
Sundry Debtors	33,500	21,500
Temporary Investments	55,000	37,000
Prepaid Expenses	500	1,000
Stock in Trade	41,000	53,000
Land and Buildings	75,000	75,000
Machinery	26,000	35,000
<b>Total</b>	<b>2,76,000</b>	<b>2,67,500</b>

<b>Liabilities and Capital:</b>		
Sundry Creditors	51,500	48,000
Outstanding Expenses	6,500	6,000
8% Debentures	45,000	35,000
Depreciation Fund	20,000	22,000
Reserve for Contingencies	30,000	30,000
Profit and loss Account	8,000	11,500
Capital	1,15,000	1,15,000
Total	2,76,000	2,67,500

The following information is also available:

- (i) 10% dividend was paid in cash.
- (ii) New machinery for Rs. 15,000 was purchased but old machinery costing Rs. 6,000 was sold for Rs. 2000, accumulated depreciation was Rs.3000.
- (iii) Rs.10,000 8% debentures were redeemed by purchase from open market @ Rs.96 for a debenture of Rs.100.
- (iv) Rs.18,000 Investments were sold at book value.

Note: Temporary investments to be treated as cash equivalents.

(10)

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