

End Semester Examination June 2023

Name of the Program: B.Com. (Hons.) CMA

Semester: II

Name of the Course: Financial Control

Course Code: BCH 202 CMA

Time: 3 Hours

Maximum Marks: 100

Note:

1. All questions are Compulsory.
2. Answer all the questions by choosing any two of the sub questions among a, b and c in each main question.
3. Total Marks in each question is twenty.
4. Each question carries 10 marks

Q1	(20 marks)									
(a)	Discuss the different types of Accounting information business cycles.									
(b)	Define ERP along with its usage and advantages.									
(c)	<p>K Manufacturing uses a process cost system for their manufacturing process. The following information pertains to operations for the month of May 2022:</p> <table><tr><td>Beginning work in process inventory, May 1</td><td>8,000</td></tr><tr><td>Started in production during May</td><td>50,000</td></tr><tr><td>Completed production during May</td><td>46,000</td></tr><tr><td>Ending work in process inventory, May 31</td><td>12,000</td></tr></table> <p>The beginning inventory was 60% complete for materials and 20% complete for conversion costs. The ending inventory was 90% complete for materials and 40% complete for conversion costs.</p> <p>Costs pertaining to the month of May are as follows:</p> <p>The beginning inventory costs are: materials, \$54,560; direct labor, \$20,320; and factory overhead, \$15,240.</p> <p>Costs incurred during May are: materials used, \$468,000; direct labor, \$182,880; and factory overhead, \$391,160.</p> <p>Using the weighted-average method, calculate the equivalent unit conversion cost for May for the product.</p>	Beginning work in process inventory, May 1	8,000	Started in production during May	50,000	Completed production during May	46,000	Ending work in process inventory, May 31	12,000	CO1
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Q2	(20 marks)									
(a)	Discuss the components of an audit risk and its limitations.									
(b)	Discuss the relationship between corporate governance and corporate social responsibility (CSR) and explain how effective corporate	CO2								

	governance contributes to fulfilling corporate social responsibility																									
(c)	Differentiate between ERP and EPM system highlighting their purposes.																									
Q3	(20 marks)																									
(a)	Explain the effectiveness of COSO Internal control framework on effective internal control.	CO3																								
(b)	Make a comparison between Activity based costing and activity based management system.																									
(c)	<p>Marshall Company uses step allocation method to allocate its service departments' costs. Below is the information for the month of June 20X9:</p> <table><tr><td>Particulars</td><td>Cafeteria</td><td>Payroll</td><td>Information systems</td><td>Cutting and lathe</td><td>Assembly</td></tr><tr><td>Number of employees</td><td>5</td><td>10</td><td>12</td><td>250</td><td>150</td></tr><tr><td>Number of computers</td><td>1</td><td>8</td><td>12</td><td>15</td><td>15</td></tr><tr><td>Direct costs</td><td>\$25,000</td><td>\$80,000</td><td>\$120,000</td><td>\$565,000</td><td>\$785,000</td></tr></table> <p>The information systems and then the payroll is said to be serving most departments and, in that order, respectively. Calculate the cost after distribution of payroll and information systems department's cost allocated to other service and production departments?</p>	Particulars	Cafeteria	Payroll	Information systems	Cutting and lathe	Assembly	Number of employees	5	10	12	250	150	Number of computers	1	8	12	15	15	Direct costs	\$25,000	\$80,000	\$120,000	\$565,000	\$785,000	
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Q4	(20 marks)																									
(a)	Illustrate with the help of four categories of cost of quality that how it can affect profitability.	CO4																								
(b)	Examine the different types of controls put up in networking and accounting environment.																									
(c)	Illustrate the role and duties of external auditor in auditing process.																									
Q5	(20 marks)																									
(a)	Block chain technology is very useful in current business scenario. Justify this statement.	CO5																								
(b)	A manufacturing company is contemplating switching from their current costing approach, variable costing, to absorption costing.																									

Relevant data for the company in January 20X2 is as follows.

Selling price	\$30/unit
Units produced	40,000
Units sold	30,000
Inventory as of 1/1/X2	None
Direct materials	\$6/unit
Direct labor	\$3/unit
Variable overhead	\$2/unit
Variable selling and administrative expense	\$1/unit
Fixed selling and administrative expense	\$75,000
Fixed manufacturing overhead	\$160,000

Calculate the net income of the company using absorption costing.

- (c) Explain why variable costing is more appropriate for management decision-making.