

Selling Costs:

Salaries	8% of Sales
Travelling Expenses	2% of Sales
Sales Office	1% of Sales
General Expenses	1% of Sales

Distribution Costs:

Wages	Rs. 15,000
Rent	1% of Sales
Other Expense	4% of Sales

Draw up flexible budget for administration, selling & distribution costs at 90% and 100% capacity level.

- iii. The expenses of production of 5,000 units in a factory are given below: **5**

Materials Rs.40 (PU),

Labour Rs.20 (PU),

Variable Overheads Rs.10 (PU),

Fixed Overheads (Rs. 50,000) Rs.10 (PU),

Administrative Overheads (5% variable) Rs.10 (PU),

Selling Expenses (40% fixed) Rs.6 (PU),

Distribution Expenses (25% fixed) Rs.5 (PU),

Overall Rs.101 (PU).

You are required to prepare a budget for the production of 8,000 units.

Enrollment No.....



Faculty of Commerce
End Sem (Odd) Examination Dec-2019
CM3EA03 Management Accounting

Programme: B.Com.(Hons) Branch/Specialisation: Commerce

Duration: 3 Hrs.

Maximum Marks: 60

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d.

- Q.1 i. _____ is the integrated system of Accounting. **1**
(a) Management Accounting (b) Cost Accounting
(c) Financial Accounting (d) None of these.
- ii. _____ study of 'Cause & Effect'. **1**
(a) Management Accounting (b) Cost Accounting
(c) Financial Accounting (d) None of these.
- iii. Interest Coverage Ratio falls under the group of _____. **1**
(a) Liquidity Ratios (b) Profitability Ratios
(c) Activity Ratios (d) Solvency Ratios.
- iv. The difference between Capital Employed and Shareholders' Funds is termed as: **1**
(a) Total debt (b) Total Assets
(c) Current liabilities (d) Non-current liabilities.
- v. While calculating operating net profit _____ will be added to net profit. **1**
(a) Refund of tax
(b) Dividend received
(c) Creation of general reserve
(d) Gain on sale of assets.
- vi. While calculating profit from operation _____ will be added to net profit. **1**
(a) Depreciation
(b) Goodwill written off
(c) Loss on issue of debentures
(d) All of these

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- vii. Which of the following is an objective of comparative statements _____? **1**
 (a) To make the data simple (b) To help in forecasting
 (c) To indicate the trend (d) All of these
- viii. Analysis of financial statements serves the purpose of _____ **1**
 (a) Investors (b) Shareholders
 (c) Debenture holders (d) All of these
- ix. _____ is an estimate of cash receipts and disbursements of a future period of time. **1**
 (a) Flexible Budget (b) Cash Budget
 (c) Both (a) and (b) (d) None of these
- x. A Budget is a _____ covering projected activities of a firm for a defined time period. **1**
 (a) Written plan (b) Report
 (c) Statement (d) None of these.

Q.2

Attempt any two:

- i. Elaborate the objectives and functions of management accounting. **5**
 ii. Differentiate between management accounting and cost accounting. **5**
 iii. Explain the advantages and limitations of management accounting. **5**

Q.3

Attempt any two:

- i. M Ltd. has a Current Ratio of 2.5:1. Its working capital is 1,20,000, total assets are of 3,80,000 and total debts of 2,80,000. Calculate Debt Equity Ratio. **5**
 ii. Current Assets of a company are Rs.17,00,000. Its current ratio is 2.50 and liquid ratio is 0.95. Calculate current liabilities, liquid assets and inventory. **5**
 iii. Explain the advantages and limitations of ratio analysis. **5**

Q.4

Attempt any two:

- i. Elaborate uses and limitations of cash flow statement **5**
 ii. Differentiate between fund flow and cash flow Statement. **5**
 iii. From the following extract of Balance Sheets of a co., calculate Cash Flow from Financing Activities. **5**
 Equity Share Capital Rs.6,00,000 (31.3.18) & Rs.4,00,000 (31.3.17),

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11% Debentures Rs. 3,00,000 (31.3.18) & 2,00,000 (31.3.17).

Additional Information:

- (a) The additional debentures were issued on 1st October,2017.
 (b) The Co. Declared and paid Equity Dividend @ 8%.

Q.5

Attempt any two:

- i. From the following information of ABC Ltd. for the year ended 31st March 2018 and 2019, prepare a common size Statement of Profit & Loss and comment upon the changes. **5**

Particulars	31.3.19	31.3.18
Revenue from Operations	20,00,000	16,00,000
Employees Benefit Expenses	10,00,000	8,00,000
Other Expenses	1,00,000	2,00,000

- ii. Prepare comparative statement of Profit & Loss from the following: **5**

Particulars	31.3.17	31.3.18
Revenue from Operations	10,00,000	8,00,000
Other Income	2,20,000	1,50,000
Cost of Material Consumed	4,00,000	3,00,000
Changes in inventories of WIP	2,00,000	1,00,000
Other Expenses (% of COGS)	15%	10%
Tax Rate	30%	30%

- iii. Explain the various tools of Financial Statement Analysis. **5**

Q.6

Attempt any two:

- i. Elaborate any five types of budgets in detail. **5**
 ii. A Department of X Ltd. co., attains sales of Rs. 6,00,000 at 80% of its normal capacity and its expenses are given below: **5**

Administrative Costs:

Office Salaries	Rs. 90,000
General Expenses	2% of Sales
Depreciation	Rs. 7,500
Rates & Taxes	Rs. 8,750

P.T.O.

Marking Scheme
CM3EA03 Management Accounting

Q.1	i.	_____ is the integrated system of Accounting.	1
		(a) Management Accounting	
	ii.	_____ study of 'Cause & Effect'.	1
		(a) Management Accounting	
	iii.	Interest Coverage Ratio falls under the group of _____	1
		(d) Solvency Ratios.	
	iv.	The difference between Capital Employed and Shareholders' Funds is termed as:	1
		(d) Non-current liabilities.	
	v.	While calculating operating net profit _____ will be added to net profit.	1
		(c) Creation of general reserve	
Q.2	vi.	While calculating profit from operation _____ will be added to net profit.	1
		(d) All of these	
	vii.	Which of the following is an objective of comparative statements _____?	1
		(d) All of these	
	viii.	Analysis of financial statements serves the purpose of _____	1
		(d) All of these	
	ix.	_____ is an estimate of cash receipts and disbursements of a future period of time.	1
		(b) Cash Budget	
	x.	A Budget is a _____ covering projected activities of a firm for a defined time period.	1
		(a) Written plan	
Q.3		Attempt any two:	
	i.	Objectives and functions of management accounting. (1 mark*5)	5
	ii.	Differentiate between management accounting and cost accounting. (1 mark*5)	5
	iii.	Advantages of management accounting 2.5 marks	5
		Limitations of management accounting. 2.5 marks	
Q.4		Attempt any two:	
	i.	Elaborate uses 2.5 mark	5
Q.5	ii.	Limitations of cash flow statement 2.5 mark	
	iii.	Fund flow and cash flow Statement. (1 mark*5)	5
		Cash Flow from Financing Activities Rs. 2,40,500/- 5 marks	5
Q.6		Attempt any two:	
	i.	Profit before Tax for 2018 is Rs. 6,00,000/- 1 mark	5
		Profit before Tax for 2019 is Rs. 9,00,000/- 1 mark	
		Absolute change is Rs. 3,00,000/- 1.5 mark	
		Percentage change is 50 1.5 mark	
Q.7	ii.	Profit after Tax for 2017 is Rs. 3,57,000/- 1 mark	5
		Profit after Tax for 2019 is Rs. 3,71,000/- 1 mark	
		Absolute change is Rs. 14,000/- 1.5 mark	
		Percentage change is 3.92 1.5 mark	
	iii.	Various tools of Financial Statement Analysis. (1 mark*5)	5
		Attempt any two:	
	i.	Elaborate any five types of budgets in detail. (1 mark*5)	5
	ii.	Administrative Costs:	5
		At 90% 1,19,750 0.5 mark	
		At 100% 1,21,250 0.5 mark	
Q.8		Selling Costs:	
		At 90% 81,000/- 0.5 mark	
		At 100% 90,000/- 0.5 mark	
		Distribution Costs	
		At 90% 50,625/- 0.5 mark	
		At 100% 56,250/- 0.5 mark	
		Total Costs:	
		At 90% 2,51,375/- 0.5 mark	
		At 100% 2,67,500/- 0.5 mark	

Current Liabilities Rs. 80,000/-		1 mark	
Debt Rs. 2,00,000/-		1 mark	
Equity Rs. 1,00,000/-		1 mark	
Debt Equity Ratio 2:1		1 mark	
Q.4	ii.	Current Liabilities Rs. 6,80,000	1.5 mark 5
		Liquid assets Rs. 6,46,000/-	1.5 mark
		Inventories Rs. 10,54,000/-	2 mark
	iii.	Advantages and limitations of ratio analysis	(1 mark*5) 5
		Attempt any two:	
Q.5	i.	Elaborate uses	2.5 mark 5
		Limitations of cash flow statement	2.5 mark
	ii.	Fund flow and cash flow Statement.	(1 mark*5) 5
	iii.	Cash Flow from Financing Activities Rs. 2,40,500/-	5 marks 5
		Attempt any two:	
Q.6	i.	Profit before Tax for 2018 is Rs. 6,00,000/-	1 mark 5
		Profit before Tax for 2019 is Rs. 9,00,000/-	1 mark
		Absolute change is Rs. 3,00,000/-	1.5 mark
		Percentage change is 50	1.5 mark
	ii.	Profit after Tax for 2017 is Rs. 3,57,000/-	1 mark 5
		Profit after Tax for 2019 is Rs. 3,71,000/-	1 mark
		Absolute change is Rs. 14,000/-	1.5 mark
		Percentage change is 3.92	1.5 mark
	iii.	Various tools of Financial Statement Analysis.	(1 mark*5) 5
		Attempt any two:	
Q.7	i.	Elaborate any five types of budgets in detail.	(1 mark*5) 5
	ii.	Administrative Costs:	5
		At 90% 1,19,750	0.5 mark
		At 100% 1,21,250	0.5 mark
		Selling Costs:	
		At 90% 81,000/-	0.5 mark
		At 100% 90,000/-	0.5 mark
		Distribution Costs	
		At 90% 50,625/-	0.5 mark
		At 100% 56,250/-	0.5 mark
Q.8		Total Costs:	
		At 90% 2,51,375/-	0.5 mark
		At 100% 2,67,500/-	0.5 mark

Sales

At 90%	6,75,000/-	0.5 mark
At 100%	7,50,000/-	0.5 mark

- iii. Total of Raw material, Labour & Expenses are Rs. 5,60,000/- **5**
- 1 mark
- Total of Fixed Cost Rs. 50,000/- 1 mark
- Total of Administrative O/H Rs. 51,500/- 1 mark
- Total of selling Expenses Rs. 40,800/- 1 mark
- Total of Distribution Expenses Rs. 36,250/- 1 mark
