

END TERM EXAMINATION

FOURTH SEMESTER [BCOM(HONS)] MAY-JUNE-2025

Paper Code: BCOM202**Subject: Management Accounting****(BATCH 2021-2023)****Time: 3 Hours****Maximum Marks: 60****Note: Attempt five questions in all including Q.No.1 which is compulsory.**

- Q1 Write short notes on: **(Attempt any four)** **(4x5=20)**
- Difference between Cost and Management Accounting.
 - Current ratio and its importance
 - Cash flows from Financing Activities
 - Profitability ratios.
 - Zero based budgeting
 - Functional budgets
- Q2 Calculate Debtors Velocity from the following details: **(10)**
- Opening Balance of Debtors Rs. 10,000
 Credit Sales during the year Rs. 20,000
 Sales Returns Rs. 1,000
 Discount on Sales Rs. 50
 Cash collected from Debtors during the year Rs, 5,000
 Bad Debts Rs. 500
 Bad Debt Provision at 10%
- Q3 Given below are the balance sheet of glow ltd. As on 31st march 2021 and 31st march, 2022. **(10)**

	2021	2022
Equity share capital	2,00,000	3,00,000
Long-term loan	1,00,000	1,00,000
creditors	1,50,000	2,00,000
Bills payable	2,00,000	3,00,000
Retained earnings	1,80,000	2,00,000
	8,30,000	11,00,000
Cash	60,000	30,000
Stock	1,20,000	1,90,000
Debtors	80,000	1,20,000
Goodwill	2,00,000	1,50,000
Plant and machinery	1,00,000	2,00,000
Land and buildings	2,00,000	4,00,000
Furniture	70,000	10,000

Additional Information:

- Operating expenses include depreciation ₹80,000 and amortization of goodwill ₹50,000.
- A machine has been sold for ₹ 15,000. The written down value of the machine was ₹40,000 and ₹20,000 depreciation is changed on the same in 2022.
- Plant and machinery was purchased for cash ₹1,40,000 and land and building for ₹2,60,000.
- Furniture was sold for cash ₹1,00,000.
- Equity shares were issued for cash ₹1,00,000
- ₹80,000 dividend was paid in cash.
- Net profit for the year ending 31-3-2022 was ₹1,00,000.

Prepare a **statement of cash flow** for the year ending 31-3-2022.**P.T.O.**

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- Q4 What is Responsibility Accounting. What are the Pre-Requisites for Responsibility Accounting. Discuss the various types of Responsibility Centre. (10)
- Q5 The standard labour employment and the actual labour engaged in a week for a job are as under: (10)

	Skilled workers	Semi-skilled workers	Unskilled workers
Standard no. of workers in the gang	30	10	8
Actual no. of workers employed	28	18	4
Standard wage rate per hour (Rs)	3	2	1
Actual wage rate per hour (Rs)	4	3	2

During the 40 hours working week, the gang produced 1,600 standard labour hours of work. Calculate:

(a) Labour Cost Variance (b) Labour Rate Variance (c) Labour Efficiency Variance (iv) Labour Mix Variance (v) Labour Yield Variance

- Q6 The following data are available in a manufacturing company for a yearly period: (10)

Fixed expenses:	₹lakhs
Wages and salaries	9.5
Rent, rates and taxes	6.6
Depreciation	7.4
Sundry administration expenses	6.5

Semi-variable expenses (At 50% capacity):

Maintenance and repairs	3.5
Indirect labour	7.9
Sales department salaries, etc.	3.8
Sundry administrative salaries	2.8

Variable expenses (at 50% capacity):

Materials	21.7
Labour	20.4
<u>Other expenses</u>	<u>7.9</u>
Total cost	98.0

Assume that the fixed expenses remain constant for all levels of production; semi-variable expenses remain constant between 45 percent and 65 percent of capacity, increasing by 10 percent between 65 percent and 80 percent capacity and by 20 percent between 80 percent and 100 percent capacity.

Sales at various levels are:

50% capacity ₹100 lakhs 75% capacity ₹150 lakhs 100% capacity ₹200 lakhs
60% capacity ₹120 lakhs 90% capacity ₹180 lakhs

Prepare a flexible budget for the year and forecast the profit at 60%, 75%, 90% and 100% of capacity.

P.T.O.

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- Q7 A review, made by the top management of THAKAR LTD. which makes only one product, of the result of first quarter of the year revealed the following: **(10)**

Sales in units 10,000 ; Loss in Rs. 10,000; Fixed cost (for the year Rs.1,20,000) Rs 30,000 ; Variable cost per unit Rs. 8

The Finance Manager who feels perturbed suggests that the company should at least break even in the second quarter with a drive for increased sales. Towards this, the company should introduce a better packing which will increase the cost by ` 0.50 per unit. The Sales Manager has an alternate proposal. For the second quarter additional sales promotion expenses can be increased to the extent of ` 5,000 and a profit of ` 5,000 can be aimed at for the period with increased sales. The Production Manager feels otherwise. To improve the demand, the selling price per unit has to be reduced by 3 per cent. As a result the sales volume can be increased to attain a profit level of ` 4,000 for the quarter. The Managing Director asks you as a Cost Accountant to evaluate these three proposals and calculate the additional Sales Volume that would be required in each case, in order to help him take a decision

- Q8 i) What is budgetary control? What are the objectives of budgetary control? **(10)**
 ii) Analyse the importance of revenue centre and investment centre from the view point of operations management.



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