**COM 502.1** **Reg. No. ……………………………**

**CREDIT BASED FIFTH SEMESTER B.Com. DEGREE EXAMINATION**
**OCTOBER 2014**
**COMMERCE**
**MANAGEMENT ACCOUNTING – I**

**Time: 3 Hrs** **Max. Marks: 120**

**SECTION – A**

**Answer any Three questions:** **3×25=75**

1. Summarised Balance sheets of Suman Foretex for the years ending 31st March 2012 and 2013 are reproduced below:

| **Liabilities** | **2012 (`)** | **2013 (`)** | **Assets** | **2012 (`)** | **2013 (`)** |
|---|---|---|---|---|---|
| Equity capital | 60,00,000 | 60,00,000 | Land & Buildings | 14,20,000 | 17,50,000 |
| General Reserve | 30,90,000 | 34,10,000 | (Less Depreciation) | | |
| Profit & Loss A/c | 1,50,000 | 1,80,000 | Plant & Machinery | 31,00,000 | 37,50,000 |
| 16% Debentures | --- | 15,00,000 | (Less Depreciation) | | |
| Creditors | 3,10,000 | 3,70,000 | Furniture | 8,40,000 | 9,80,000 |
| | | | (Less Depreciation) | | |
| | | | Investments | 50,000 | 60,000 |
| | | | Stock | 3,40,000 | 4,20,000 |
| | | | Debtors | 30,00,000 | 36,00,000 |
| | | | Cash and Bank | 8,00,000 | 9,00,000 |
| | 95,50,000 | 1,14,60,000 | | 95,50,000 | 1,14,60,000 |

Additional information for the year ending 31st march 2013:

a) Dividend of `1,80,000 for the year ended 31st March 2012 was paid during the year 2013.

b) Investment costing `10,000 was sold for `12,000.

c) Depreciation on assets for the year ending 31st March 2013 charged to profit and loss account was as follows:

Land & Buildings `42,000, Plant and Machinery `4,74,000 and Furniture `1,84,000.

d) Sale of fixed assets – Machinery sale value `1,00,000 (book value `2,20,000)

- Furniture sale value `30,000 (book value `20,000)

You are required to prepare the Cash Flow statement for the year ending 31st March 2013 together with the relevant ledger accounts.

2. The following figures were available in respect of Ashok Engineering Co. for the year ended 31st December, 2013.

Financial A/c Cost A/c

| | (`) | (`) |
|---|---|---|
| Opening stock: Raw material | 6,000 | 5,000 |
| Work-in-progress | 7,000 | 6,500 |
| Finished goods | 5,000 | 4,500 |
| Closing stock: Raw material | 4,000 | 4,300 |
| Work-in-progress | 3,000 | 3,700 |
| Finished goods | 5,900 | 6,200 |
| Purchases | 40,000 | |
| Direct wages | 20,000 | |
| Direct expenses | 3,000 | |
| Factory expenses | 17,000 | 21,000 |
| Sales | 1,10,000 | |
| Administrative expenses | 3,000 | 2,300 |
| Selling expenses | 4,000 | 4,500 |
| Financial expenses | 1,000 | |
| Interest received | 1,600 | |
| Transfer to reserve | 4,000 | |
| Dividends paid | 9,000 | |

You are required to compute profit as per financial accounts and as per cost accounts and prepare the Reconciliation Statement.

3. Aminex Ltd. manufactures two products ‘P’ and ‘Q’. An estimate of number of units expected to be sold in the first seven months of 2014 is given below:

| Product | January | February | March | April | May | June | July |
|---|---|---|---|---|---|---|---|
| P | 500 | 600 | 800 | 1,000 | 1,200 | 1,200 | 1,000 |
| Q | 1,400 | 1,400 | 1,200 | 1,000 | 800 | 800 | 900 |

Finished units equal to half the anticipated sales for the next month will he in stock at the end of each month (including December 2013).

The budgeted production and production cost for 2014 are as follows:

| | Product P | Product Q |
|---|---|---|
| Production (units) | 11,000 | 12,000 |
| Direct materials per unit (`) | 12 | 19 |
| Direct wages per unit (`) | 5 | 7 |
| Manufacturing charges (`)<br>(based on units produced) | 33,000 | 48,000 |

Prepare

a) A production budget showing the number of units to be manufactured each month.

b) A production cost budget for six months ending on 30th June 2014.

4. a) Define Management Accounting. Briefly explain the objectives and functions of Management Accounting. **(15 marks)**

   b) What is meant by Transfer Pricing? Explain briefly the different methods. **(10 marks)**

## SECTION – B

**Answer any Three questions:** **3×10=30**

5. Explain the principles of Good Reporting System.

6. Explain the reasons for variations in Cost and Financial Accounts.

7. Summarised Balance Sheets of XYZ Ltd. are given below

| **Liabilities** | **2012 (`)** | **2013 (`)** | **Assets** | **2012 (`)** | **2013 (`)** |
|---|---|---|---|---|---|
| Share capital | 10,00,000 | 12,50,000 | Goodwill | --- | 25,000 |
| Profit & Loss A/c | 1,52,500 | 1,53,000 | Buildings | 10,00,000 | 9,50,000 |
| General Reserve | 2,50,000 | 3,00,000 | Machinery | 7,50,000 | 8,45,000 |
| Long Term Loan | 3,50,000 | 6,76,000 | Stock | 5,00,000 | 3,70,000 |
| Creditors | 7,50,000 | --- | Debtors | 4,00,000 | 3,21,000 |
| Provision for Tax | 1,50,000 | 1,75,000 | Bank | --- | 40,000 |
| | | | Cash | 2,500 | 3,000 |
| | 26,52,500 | 25,54,000 | | 26,52,500 | 25,54,000 |

Additional information:

1. Dividend paid `1,15,000

2. Depreciation: Machinery `70,000, Building `50,000

3. Provision for tax made during the year (2012-13) `1,65,000

Prepare:

a) The schedule of changes in working capital

b) Adjusted Profit & Loss A/c.

8. Details given below relate to 60% activity when production was 600 units. Materials `120 per unit, Labour `50 per unit, Factory Expenses `50,000 (40% fixed), Administration Expenses `35,000 (60% fixed), Direct expenses `9,000.
Prepare a Production Cost budget showing marginal cost and total cost for 60% and 80% activity.

## SECTION – C

**Answer all the questions:** **3×5=15**

9. What are the differences between Cost accounting and Management accounting?
10. From the following trading and profit and loss account for the year ending 31-12-2013 ascertain cash profit from operations.

| | ` | | ` |
|---|---|---|---|
| To Purchases 1,94,750<br>Less Returns 4,750 | 1,90,000 | By sales 3,04,000<br>Less Returns 19,000 | 2,85,000 |
| To Carriage | 9,500 | | |
| To Wages | 38,000 | | |
| To Gross profit c/d | 47,500 | | |
| | 2,85,000 | | 2,85,000 |
| To Salaries | 21,875 | By Goss Profit b/d | 47,500 |
| To Rent and insurance | 7,125 | By Profit on sale of plant | 57,500 |
| To Depreciation –Plant 2,850<br>Building 6,650 | 9,500 | | |
| To Loss on sale of furniture | 5,700 | | |
| To Goodwill written off | 8,550 | | |
| To Net profit | 52,250 | | |
| | 1,05,000 | | 1,05,000 |

11. The following particulars are supplied to you from the records of Big Bell Company. Prepare a production budget for the year ending 31-3-2013.

| Product | Sales (units) As per Sales budget | Estimated Stock (units) | |
|---|---|---|---|
| | | As on 1-4-2012 | As on 31-3-2013 |
| X | 92,000 | 3,000 | 4,000 |
| Y | 70,000 | 1,000 | 2,000 |
| Z | 40,000 | 2,500 | 2,500 |

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COM 502.1 Reg. No. ..............................

**CREDIT BASED FIFTH SEMESTER B.Com. DEGREE EXAMINATION APRIL 2016**
**COMMERCE**
**MANAGEMENT ACCOUNTING – I**

**Time: 3 Hrs.** **Max. Marks: 120**

## SECTION – A

**Answer any THREE questions:** **3×25=75**

1. Prepare Cash Flow Statement from the following Balance Sheets of Ganesh Engineering Ltd.

| Liabilities | 2014 (₹) | 2015 (₹) | Assets | 2014 (₹) | 2015 (₹) |
|---|---|---|---|---|---|
| Share Capital: | 17,00,000 | 18,35,000 | Buildings | 8,00,000 | 10,00,000 |
| Reserves | 40,000 | 83,700 | Plant & Machinery | 2,50,000 | 3,70,000 |
| Profit and Loss A/c | 1,00,000 | 1,30,000 | Fixtures & Fittings | 5,000 | 6,000 |
| Provision for Dividends | 70,000 | 50,000 | Cash | 2,000 | 2,200 |
| Creditors | 1,00,000 | 95,000 | Debtors | 1,00,000 | 45,000 |
| Bank Loan | 8,000 | 18,000 | Bills Receivable | 8,000 | 9,000 |
| Bills Payable | 14,000 | 13,000 | Stock | 4,00,000 | 3,43,700 |
| Loan on Mortgage | 10,000 | 70,000 | Prepaid Expenses | 3,000 | 3,100 |
| | | | Investments | 1,64,000 | 1,70,000 |
| | | | Preliminary Expenses | 10,000 | 2,000 |
| | | | Land | 3,00,000 | 3,43,700 |
| | 20,42,000 | 22,94,700 | | 20,42,000 | 22,94,700 |

Additional information:

1) Depreciation is charged on Buildings at 3% of cost of ₹9,00,000, on Plant & Machinery at 8% of cost of ₹4,00,000. Fixtures and fittings at 5% of cost of ₹8,000.
2) Investments were purchased and interest received ₹3,000 was used in writing down the book value of investments.
3) The declared dividend for 2014 was paid and interim dividend for ₹20,000 is paid out of profit and loss account in 2015.

2. The financial records of Alpha Manufactures Ltd, reveal the following data for the year ended 31.3.2015. You are required to prepare:-
   a) A cost sheet showing the profit as per cost books.
   b) Trading and profit and loss accounts showing the profit as per financial books.
   c) A statement of reconciliation between the profit as per the two sets of books.

| | ₹ |
|---|---|
| Sales (20,000 units) | 4,00,000 |
| Materials | 1,60,000 |
| Wages | 80,000 |
| Factory overheads | 72,000 |
| Office overheads | 41,600 |
| Selling and distribution overheads | 28,800 |
| Goodwill written off | 32,000 |
| Interest paid on capital | 3,200 |
| Dividend received | 500 |
| Closing work-in-progress | 11,200 |
| Closing stock of finished goods (1,230 units) | 24,000 |

3. The following are the balance sheets of Shri Devi Mills Ltd:-

| Liabilities | 2014 (₹) | 2015 (₹) | Assets | 2014 (₹) | 2015 (₹) |
|---|---|---|---|---|---|
| Equity share capital | 3,00,000 | 4,00,000 | Buildings | 2,50,000 | 3,00,000 |
| 10% redeemable | | | Machinery | 3,00,000 | 3,20,000 |
| Preference share capital | 2,00,000 | --- | Furniture | 20,000 | 18,000 |
| Capital redemption | | | Investments | 1,00,000 | 1,50,000 |
| reserve | --- | 1,00,000 | Stock | 3,00,000 | 2,50,000 |
| Reserve Fund | 2,00,000 | 1,20,000 | Debtors | 1,40,000 | 2,00,000 |
| Share Premium | 30,000 | 30,000 | Cash at Bank | 20,000 | 32,000 |
| Profit & Loss A/c | 1,20,000 | 1,80,000 | | | |
| 12% Debentures | 2,00,000 | 3,00,000 | | | |
| Creditors | 80,000 | 1,40,000 | | | |
| | 11,30,000 | 12,70,000 | | 11,30,000 | 12,70,000 |

The following transactions took place during 2015.

a) Preference shares were redeemed at 10% premium.
b) ₹20,000 were transferred to reserve fund from Profit & Loss A/c
c) Investments (book value ₹40,000) were sold for ₹70,000.
d) Depreciation provided on Building, Machinery and furniture ₹20,000, ₹30,000 and ₹2,000 respectively.
e) Dividend paid ₹50,000 and income tax paid ₹45,000
f) Preference shares were redeemed by utilizing reserve fund ₹1,00,000 and the balance by issue of equity shares.

Prepare Fund Flow Statement and statement showing changes in working capital along with relevant ledger accounts.

4. a) Explain the significance and problems of Responsibility Accounting. (15 marks)
b) Explain the principles of Good Reporting System. (10 marks)

## SECTION – B

**Answer any THREE questions:** **3×10=30**

5. Briefly explain the objectives and functions of management accounting.

6. What is cash flow statement? Write a note on AS – 3.

7. Prepare Purchase Budget for the Budget Year 2015.

| Particulars | Units | | | | | |
|---|---|---|---|---|---|---|
| | A | B | C | D | E | F |
| Estimated stock on 1st January | 16,000 | 6,000 | 24,000 | 2,000 | 14,000 | 28,000 |
| Estimated stock on 31st January | 20,000 | 8,000 | 28,000 | 4,000 | 16,000 | 32,000 |
| Estimated Consumption | 1,20,000 | 44,000 | 1,32,000 | 36,000 | 88,000 | 1,72,000 |
| Standard price per unit (₹) | 25 | 5 | 15 | 10 | 20 | 30 |

8. Prepare a Flexible Budget for production at 80% and 100% activity on the basic of the following information.
Production at 50% capacity 5,000 units
Raw material ₹80 per unit
Direct wages ₹50 per unit
Direct expenses ₹15 per unit
Administration expenses (₹25,000 fixed) ₹5 per unit
Factory expenses ₹50,000 (50% fixed)
Distribution expenses (20% fixed) ₹30,000

## SECTION – C

**Answer all the questions:** **3×5=15**

9. Distinguish between Budget and Budgeting.

10. The following particulars are supplied to you from the records of Good Hope Company. Prepare a production budget for the year ending 30.6.2015.

| Product | Sales (units) | Estimated stock (units) | |
|---|---|---|---|
| | As per sales budget | As on 1.7.2014 | As on 30.6.2015 |
| X | 92,000 | 3,000 | 4,000 |
| Y | 70,000 | 1,000 | 2,000 |
| Z | 40,000 | 2,500 | 2,500 |

11. What are the differences between Cost Accounting and Management Accounting?

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