



**Avinashilingam Institute for Home Science and Higher Education for Women**  
(Deemed to be University under Category 'A' by MHRD, Estd. u/s 3 of UGC Act 1956)  
Re-accredited with 'A+' Grade by NAAC. Recognised by UGC Under Section 12B  
Coimbatore - 641 043, Tamil Nadu, India

**Master's Degree Examination – June / July 2021**  
**II Semester**

**Class : I PG**  
**Major : M.Com / M.Com CA**

**Time : 3 Hours**  
**Max. Marks: 100**

**20MCOC09 / 20MCCC09 Management Accounting**  
**Part A**

**10x1=10**

**Choose the Correct Answer**

1. Management accounting helps management in\_\_\_\_\_.  
a. Preparation of final A/c  
b. Raising finance  
c. Filing tax returns  
d. Decision making
2. Financial statements are meaningful and useful only when they are\_\_\_\_\_.  
a. Verified  
b. Published  
c. Presented to owners  
d. Analyzed & interpreted
3. Solvency ratio include \_\_\_\_\_.  
a. G/P ratio  
b. P/E ratio  
c. Capital gearing ratio  
d. Fixed asset turnover ratio
4. Fund from operation is \_\_\_\_\_.  
a. Gross profit  
b. Net profit  
c. Operating profit  
d. None of the above
5. Absorption costing takes into account  
a. Total cost  
b. Fixed cost  
c. Variable cost  
d. Works cost
6. Production budget is based on\_\_\_\_\_.  
a. Cash budget  
b. Overhead budget  
c. Sales budget  
d. Purchase budget
7. Basic standard is established for a\_\_\_\_\_.  
a. short period  
b. current period  
c. definite period  
d. indefinite period
8. Material usage variance= material mix variance+\_\_\_\_\_.  
a. Volume variance  
b. Yield variance  
c. Calendar variance  
d. Efficiency variance
9. Junior level management has the responsibility of implementing \_\_\_\_\_ Operations.  
a. Day to day  
b. Tactical  
c. Strategic  
d. Organization
10. The concept of forward chaining is also known as\_\_\_\_\_.  
a. fast forward  
b. forward reasoning  
c. linear chaining  
d. control reasoning

**Part B**

**5x6=30**

**Answer ALL Question**

**Each answer should not exceed 400 words or two pages**

11.a. What are the advantages and disadvantages of management accounting?  
(or)

11.b. The following are the income statement of Jeevan Ltd. For the year ending 31<sup>st</sup> Dec 2008 and 2009. You are required to prepare a comparative statement for the two years.

<b>Particulars</b>	<b>31.12.2008 (Rs)</b>	<b>31.12.2009 (Rs)</b>
Net sales	10,00,000	12,00,000
Cost of goods sold	5,50,000	6,05,000
Operating expenses:		
Administration	80,000	60,000
Selling	1,00,000	80,000
Non-operating expenses:		
Interest	40,000	50,000
Income tax	50,000	80,000

12.a. From the following information: Calculate

a) Current ratio b) Liquidity ratio c) Absolute liquidity ratio.

Cash- 18,000; Debtors- 1,42,000; Closing stock-1,80,000; Bills payable- 27,000; Creditors- 50,000; Outstanding expenses- 15,000; Tax payable- 75,000.

(or)

12. b. Prepare a funds flow statement for the year 2009-2010, from the following balance sheets of Ram Industries Ltd.,

<b>Liabilities</b>	<b>2008-2009 (Rs)</b>	<b>2009-2010 (Rs)</b>	<b>Assets</b>	<b>2008-2009 (Rs)</b>	<b>2009-2010 (Rs)</b>
Share capital	2,00,000	2,10,000	Land	1,00,000	1,20,000
Profit & Loss a/c	28,000	49,000	Stock	58,000	54,000
Loan	-	10,000	Investment	28,000	48,000
Creditors	39,000	30,000	Debtors	53,000	59,000
			Cash	28,000	18,000
	<b>2,67,000</b>	<b>2,99,000</b>		<b>2,67,000</b>	<b>2,99,000</b>

13.a. Total fixed costs Rs.4,500; Total variable cost Rs 7,500; Total sales Rs.15,000. Calculate

i) P/V ratio; ii) BEP; iii) Profit; iv) Margin of safety; v) Volume of sales to earn profit of Rs.6,000.

(or)

13.b. What will be the budgeted sales for 2005, based on the following:

Sales for 2004 is 20,000 units at Rs.40 each. Expected rise in sales quantity is 15% over those of 2004. Additional volume budgeted to be achieved through special sales promotion drive is 5,000 units. Selling price is to be increased by 5%.

14.a. The standard materials required for producing 100 units is 120 kgs.

A standard price of 0.50 Paise per kg is fixed and 2,40,000 units were produced during the period. Actual materials purchased were 3,00,000 kgs. at a cost of Rs.1,65,000. Compute material variance.

(or)

14.b. Calculate labour variances from the following information:

Particulars	Amount
Gross wages direct	28,080
Standard hours produced	8,640
Standard rate per hour	3
Actual hours worked	8,200

15.a. Define MIS? and its elements?

(or)

15.b. Enumerate the Role of MIS in Management processes?

**Part C**

**5x12=60**

**Answer ALL Question**

**Each answer should not exceed 800 words or four pages**

16.a. Arun & Co Ltd., furnishes the furnishes the following balance sheets for the years 2007 and 2008. Prepare common-size balance sheets.

Liabilities	2007(Rs)	2008(Rs)	Assets	2007(Rs)	2008(Rs)
Share capital	2,00,000	3,00,000	Buildings	4,00,000	4,00,000
Reserves	6,00,000	7,00,000	Machinery	6,00,000	10,00,000
10% debentures	2,00,000	3,00,000	Stock	2,00,000	3,00,000
Creditors	3,00,000	5,00,000	Debtors	2,00,000	2,50,000
Bills payable	1,00,000	80,000	Cash at bank	1,00,000	50,000
Tax payable	1,00,000	1,20,000			
	<b>15,00,000</b>	<b>20,00,000</b>		<b>15,00,000</b>	<b>20,00,000</b>

(or)

16.b. Prepare a comparative income statement of X Ltd for the years ending 31<sup>st</sup> March 2008 and 2009 from the following:

Particulars	2008(Rs)	2009(Rs)
Purchase less return	80,000	1,50,000
Other direct expenses	20,000	50,000
Sales	1,80,000	2,60,000
Office expenses	20,000	25,000
Selling expenses	10,000	15,000
Finance expenses	10,000	8,000
Profit	40,000	12,000

17.a. From the following profit & loss account of Prakash Ltd., Calculate

- Gross profit ratio;
- Net profit ratio;
- Operating ratio;
- Inventory turnover ratio.

Particulars	Rs	Particulars	Rs
To Opening stock	50,000	By Sales	2,60,000
To Purchase	1,25,000	Less: Returns	10,000
To Manufacturing expenses	12,500		2,50,000
To Office expenses	15,000	By Closing stock	25,000
To Selling expenses	12,000		
To Preliminary expenses	3,000		
To Net profit	57,500		
	<b>2,75,000</b>		<b>2,75,000</b>

(or)

17.b. Prepare a cash flow statement and adjusted P&L a/c, from the following balance sheets.

Liabilities	1994(Rs)	1995(Rs)	Assets	1994(Rs)	1995(Rs)
Share capital	1,00,000	1,50,000	Fixed assets	1,00,000	1,50,000
P&L a/c	50,000	80,000	Goodwill	50,000	40,000
General reserve	30,000	40,000	Inventories	50,000	80,000
16%bonds	50,000	60,000	Debtors	50,000	80,000
Creditors	30,000	40,000	Bills receivable	10,000	20,000
Outstanding expenses	10,000	15,000	Bank	10,000	15,000
	<b>2,70,000</b>	<b>3,85,000</b>		<b>2,70,000</b>	<b>3,85,000</b>

18.a. Calculate the break even quantity, the details of cost per unit at an activity level of 10,000 units of a product is as follows:

Particulars	Amount
Raw material	10
Direct expenses	8
Labour charges	224
Variable overheads	244
Fixed overhead	6
Total cost per unit	30
Profit per unit	2
Selling price per unit	32

(or)

18.b. Mohan Ltd., Plans to sell for the next year 50,000 units of a particular product . Two kind of raw material A and B are required for manufacturing the product. Each unit of the product requires 2 units of A and 3 units of B. The estimated opening balances at the commencement of the next are:  
 Finished product –8,000 units; Raw material –A 12,000 units, B-15,000 units.  
 The desired closing balance at the end of the next year are: Finished product -6000 units; Raw material –A 13,000 units, B 16,000 units.  
 Draw up a raw materials purchase budget for the next year.

19.a. The standard cost of a certain chemical mixture is:  
 35% Material A at 25 per kg, and 65% Material B at 36 per kg.  
 A standard loss of 5% is expected in production. During a period, there is used:  
 125 kg. of Material A at 27 per kg, 275 kg. of Material A at 34 per kg.  
 The actual output was 365 kg. Calculate:  
 i) Material cost variance, and ii) Material yield variance.

(or)

19.b. X Ltd., has furnished the following information for the months of January 2011. Calculate all the fixed overhead variances.

Particulars	Budget	Actual
Output (Units)	30,000	34,000
Hours	30,000	33,000
Fixed overheads	45,000	52,000
Working days	25	27

20.a. Explain the principles of good reporting system?

(or)

20.b. Describe the Product Life Cycle Cost Analysis?

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