

**CARMEL COLLEGE OF ARTS, SCIENCE AND COMMERCE,
NUVEM - GOA**

M.Com (Semester – I) Examination, February 2022

COC 120: COST AND MANAGEMENT ACCOUNTING

Duration: 3 Hours

Max. Marks: 60

Instructions:

1. This paper consists of Nine Questions carrying Equal Marks.
2. Question No. 1 consists of 5 compulsory questions of 2 marks each.
3. Answer any FIVE questions from Question No. 2, 3, 4, 5, 6, 7, 8 and 9.
4. Figures to the right indicate marks.

Q. 1. Answer the following Questions:

(5x2=10)

- a) ABC Ltd. has earned a contribution of ₹ 4,00,000 and a Net Profit of ₹ 3,00,000 on Sales of ₹ 10,00,000. Find out the Margin of Safety.
- b) Explain the classification of Cash Flow Statement.
- c) Explain the Objectives of Cost Accounting.
- d) A factory manufactures printing machines and has the capacity to produce 900 machines p.a. The marginal cost of each machine is ₹ 600 and each machine is sold for ₹ 750. Fixed Overheads are ₹ 45,000 p.a. Calculate Break Even Point in units and amount.
- e) Explain the difference between Marginal Costing and Absorption Costing.

Q.2. Following is the Balance Sheet of XYZ Ltd. for the year ended 31st March 2021. (10)

Balance Sheet as on 31.03.2021

Liabilities	₹	Assets	₹
Equity Share Capital	2,00,000	Fixed Assets	12,00,000
Preference Share Capital	5,00,000	Stock	5,40,000
Reserves	10,00,000	Debtors	8,00,000
Secured Loan	4,00,000	Advance Income Tax	1,20,000
Current Liabilities	5,40,000	Cash at Bank	7,90,000
Provisions	8,10,000		
Total:	34,50,000	Total:	34,50,000

Total Sales during the year was ₹ 77,76,000 (including cash sales ₹ 5,76,000) which yielded a gross profit of 25% on Sales.

The Stock as on 31.03.2020 was ₹ 4,32,000

Assume for your working, 360 days for the year. Calculate:

1. Current Ratio
2. Liquid Ratio
3. Proprietary Ratio
4. Stock Turnover Ratio
5. Debtors Turnover Ratio

Q.3. Prepare Cash Flow Statement from the Comparative Balance Sheet given below: (10)

Balance Sheet

Liabilities	2020	2021	Assets	2020	2021
Equity Sh. Capital	2,70,000	3,45,000	Fixed Assets	2,20,000	2,90,000
Profit & Loss A/c	45,000	95,000	Investment	70,000	70,000
7% Debentures	1,20,000	1,20,000	Bills Receivable	1,20,000	1,80,000
General Reserves	70,000	95,000	Stock	1,20,000	1,65,000
Sundry Creditors	1,20,000	1,20,000	Cash	95,000	1,57,500
Proposed Dividend	45,000	52,500	Miscellaneous Exp.	45,000	-
			Depreciation written off	-	(35,000)
Total:	6,70,000	8,27,500	Total:	6,70,000	8,27,500

Q.4. The statement given below gives the flexible budget at 60% capacity. Prepare a tabulated statement giving budget figure at 70% and 80% capacity by classifying the expenses as fixed, variable and semi-variable. (10)

Particulars	60% Capacity
Direct Material	1,20,000
Depreciation	70,000
Productive Wages	40,000
Rent	15,000
Indirect Material	46,000
Salary to staff	50,000
Indirect Labour	38,000
Electric Power (40% Fixed)	12,000
Repairs and Maintenance (60% Fixed)	28,000

Q.5. What is Standard Costing? Explain its objectives and importance. (10)

Q.6. Complete the following Comparative Income Statement of PQR Ltd. by ascertaining the missing figures. Also provide your comments. (10)

Income Statement

Particulars	2020 ₹	2021 ₹	Increase/ Decrease in ₹	Increase/ Decrease in %
Sales	-	-	2,00,000	100
Cost of Goods Sold	-	1,80,000	1,20,000	200
Gross Profit	-	-	-	-
Operating Expenses	40,000	-	-	120
Operating Profit	-	-	-	-
Non – Operating Income	-	-	3,000	30
Non – Operating Expenses	5,000	-	NIL	NIL
Net Profit Before Tax	-	-	-	-

Q.7. Prepare Fund Flow Statement from the following Balance Sheet: (10)

Balance Sheet

Liabilities	2020	2021	Assets	2020	2021
Share Capital	3,90,000	3,90,000	Machinery	2,04,000	2,40,000
P&L A/c	42,000	59,000	Land & Building	2,00,000	2,00,000
8% Debentures	1,80,000	1,40,000	Investment	2,40,000	1,68,000
Reserves	2,40,000	2,40,000	Stock	1,84,000	2,32,000
Creditors	2,06,000	1,92,000	Cash	2,10,000	2,10,000
Outstanding expense	30,000	26,000	Prepaid Expenses	6,000	9,000
Depreciation Fund	90,000	98,000	Debtors	1,34,000	86,000
Total:	11,78,000	11,45,000	Total:	11,78,000	11,45,000

Additional Information:

- 10% dividend was paid during the year.
- Investment worth ₹ 72,000 were sold at book value
- Machinery for ₹ 6,000 was purchased and old machinery costing ₹ 24,000 was sold for ₹ 8,000 (accumulated depreciation ₹ 12,000).

Q.8. “Financial Statements are documents which show the summaries of detailed information.” Explain the various methods of Financial Statement Analysis. (10)

Q.9. a) Explain the relationship of Financial Accounting and Management Accounting. (04)

b) Explain the applications of Marginal Costing. (06)

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