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# P P SAVANI UNIVERSITY

Six Semester of B. COM Examination

May 2022

SMBC3301 Management Accounting - 2

05.05.2022, Thursday

Time: 9:00 a.m. To 11:30 a.m.

Maximum Marks: 60

### Instructions:

1. The question paper comprises of two sections.
2. Section I and II must be attempted in same answer sheets.
3. Make suitable assumptions and draw neat figures wherever required.
4. Use of scientific calculator is not allowed.

### SECTION - I

- Q - 1 Answer the Following: (Any Six) [06]**
- (i) JIT stand for \_\_\_\_\_.
  - (ii) Define Responsibility accounting.
  - (iii) **True or False: (with Reason)** Responsibility accounting is based on historical costing only. [ ]
  - (iv) **True or False: (with Reason)** Responsibility accounting emphasizes on personalization of costs. [ ]
  - (v) Define standard costing.
  - (vi) Types of variances.
  - (vii) State the sources of waste.

- Q - 2 (a) A manufacturing concern, which has adopted standard costing, furnished the following information: [04]**
- Standard Material for 140 kg finished product: 200 kg. Price of materials: Re. 1 per kg.  
Actual Output: 4,20,000 kg.  
Material used: 5,40,000 kg.  
Cost of material: Rs. 5,04,000.  
Calculate: (a) Material Usage Variance (b) Material Price Variance (c) Material Cost Variance

- Q - 2 (b) [08]**

Category of workers	Standard		Actual	
	No. of labours	Weekly wage rate per labour	No. of labours	Weekly wage rate per labour
Skilled	75	Rs. 60	70	Rs. 70
Semi-skilled	45	Rs. 40	30	Rs. 50
Unskilled	60	Rs. 30	80	Rs. 20

The work is actually completed in 32 weeks. Calculate the various labour variances.

OR

- Q - 2 (a) State the types of waste. [02]**
- Q - 2 (b) Specify any four essential conditions for the success of Responsibility Accounting. [06]**
- Q - 2 (c) Explain in detail benefits of JIT. [04]**
- Q - 3 (a) The standard material cost for 100 kg. of chemical D is made up of: [10]**
- Chemical A - 30 kgs. @ ` 4.00 per kg.  
Chemical B - 40 kgs. @ ` 5.00 per kg.

Chemical C - 80 kgs. @ ` 6.00 per kg.  
 In a batch, 500 kg. of chemical D were produced from a mix of:  
 Chemical A - 140 kgs. at a cost of ` 588  
 Chemical B - 220 kgs. at a cost of ` 1,056  
 Chemical C - 440 kgs. at a cost of ` 2,860  
 Calculate MCV, MPV, MUV, MMV and MYV for 500kg of actual production.

- Q - 3 (b)** Standard wage rate is Rs. 2 per hour and standard time is 10 hours. But actual wage rate is Rs. 2.25 per hour and actual hours used are 12 hours. Calculate Labour cost variance. [02]

OR

- Q - 3 (a)** From the following information, calculate labour cost, price, efficiency and mix variance: [08]

Standard	Actual
Grade A 80 workers @ Rs. 5 per hour	100 workers @ Rs.6 per hour
Grade B 120 workers @ Rs.3 per hour	80 workers @ Rs.2 per hour

- Q - 3 (b)** Methods of transfer pricing. [04]

**SECTION - II**

- Q - 1 Answer the Following: (Any Five)** [05]

(i) Ind AS 1 is based on:

- (a) Inventories (b) Presentation of Financial Statements  
 (c) Statement of Cash Flows (d) None of above

(ii) Accounting Standard board of India was established in the year

- (a) 1970 (b) 1972  
 (c) 1973 (d) 1977

(iii) In India Accounting standards are issued by -.....

- (a) ICSI (b) ICAI  
 (c) ICWAI (d) RBI

(iv) Which of the following is a fundamental accounting assumption?

- (a) Going concern Concept (b) Accrual Concept  
 (c) Consistency Concept (d) All of the above

(v) Accounting Standards ..... the statute:

- (a) Can over-ride (b) cannot over-ride  
 (c) May over-ride (d) None of the above

(vi) The original cost at which an asset or liability is acquired is known as —

- (a) Carrying cost (b) Replacement cost  
 (c) Amortization (d) Historical cost

- Q - 2 (a)** (b) Balance Sheets of a company as on 31st March, 2021 and 2022 were as follows: [13]



Liabilities	2021	2022	Assets	2021	2022
Equity Share Capital	3,00,000	4,00,000	Goodwill	1,15,000	90,000
8% Preference share capital	1,50,000	1,00,000	Land & Building	2,00,000	1,70,000
P & L account	30,000	48,000	Plant	80,000	2,00,000
General Reserve	40,000	70,000	Debtors	1,60,000	2,00,000
Proposed dividend	42,000	50,000	Stock	77,000	1,09,000
Creditors	55,000	83,000	Bills receivables	20,000	30,000
Bills payable	20,000	16,000	Cash in hand	15,000	10,000
Provision for taxation	40,000	50,000	Cash at bank	10,000	8000
	6,77,000	8,17,000		6,77,000	8,17,000

Following is the additional information available.

- (i) Depreciation of ` 10,000 and ` 20,000 have been charged on Plant and Land and Buildings respectively in 2022.
- (ii) Interim dividend of ` 20,000 have been paid in 2022.
- (iii) Income tax of ` 35,000 have been paid in 2022.

You are required to prepare Cash Flow Statement.

**OR**

**Q - 2 (a)** From the following balance-sheet prepare cash flow statement for the year 2020. [10]

Liability	1-1-2020	31-12-2020	Assets	1-1-2020	31-12-2020
Share capital	2,50,000	3,06,000	Cash	20,000	14,000
Creditors	80,000	88,000	Debtors	60,000	1,00,000
Loan from X	50,000	-	Stock	80,000	50,000
Loan from bank	80,000	1,00,000	Machinery	1,60,000	1,10,000
			Land	70,000	1,00,000
			Building	70,000	1,20,000
	4,60,000	4,94,000		4,60,000	4,94,000

During the year a machine costing Rs. 20,000 with accumulated depreciation Rs. 6,000 was sold for Rs. 10,000.

**Q - 2 (b)** Difference between Cash flow and Fund flow statement. [03]

**Q - 3 Write short note (ANY THREE)** [12]

- (i) Accounting standard setting process.
- (ii) Explain GAAP
- (iii) Convergence of Indian accounting standard with IFRS.
- (iv) Explain International accounting standard board (IASB)
- (v) Benefits of accounting standard.

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