6. From the following information, make out a statement of Proprietors' funds as many details as possible: 10

Current Ratio 2.5
Liquid Ratio 1.5
Proprietary Ratio (Fixed Assets/Proprietors' Funds) 0.75
Working Capital Rs.60,000
Reserve and Surplus Rs.40,000.
Bank Overdraft Rs.10,000
There is no long-term loan or fictitious assets.

7. The following standards have been set to manufacture a product. 2.5×4=10

Direct materials:	Rs.
2 units of A at Rs.40 per unit	80
3 units of B at Rs.30 per unit	90
15 units of C at Rs.10 per unit	150

	320
Direct labour 3 hours @ Rs.80 per hr.	240

Total standard prime cost	560

The company manufactured and sold 6,000 units of the product during the year. Direct material costs were as under:

12,500 units of A at Rs.44 per unit
18,000 units of B at Rs.28 per unit
88,500 units of C at Rs.12 per unit

The company worked 17,500 direct labour hours during the year. For 2,500 of these hours the company paid at Rs.120 per hour while for the remaining the wages were paid at the standard rate. Calculate material price and usages variance and labour rate and efficiency variances.

8. Write short note on *any two* from the following: 5×2=10
   a. Life Cycle Costing
   b. Activity Based Costing
   c. Responsibility Accounting

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MASTER of COMMERCE
SECOND SEMESTER
COST & MANAGEMENT ACCOUNTING
MCM-204

(Use Separate Answer Scripts for Objective & Descriptive)

Duration : 3 hrs. **Full Marks : 70**

(PART-A : Objective)

Time : 20 min. **Marks : 20**

Choose the correct answer from the following: ***1×20=20***

1. Budgeting may said to be act of ------------.
   a. building b. predicting
   c. ascertaining d. deciding
2. A functional budget relates to which of the following ------------------.
   a. production b. sale
   c. research and development d. all of the above
3. Zero base budgeting overcomes the weaknesses of --------------.
   a. conventional budgeting b. cost budgeting
   c. both a. and b d. none of the above
4. The cost of a product as determined under standard costing is:
   a. Fixed cost b. Direct cost
   c. Historical cost d. Predetermined cost
5. While evaluating deviations of actual cost from standard cost, the technique used is:
   a. regression analysis b. trend analysis
   c. variance analysis d. linear progression
6. Production cost under marginal costing includes ________________.
   a. Prime cost only.
   b. Prime cost and variable overhead.
   c. Prime cost and fixed overhead
   d. Prime cost, variable overhead and fixed overhead
7. If fixed cost decrease while variable cost per unit remains constant, the BEP in relation to the old BEP will be ____________.
   a. Higher b. Lower
   c. Unchanged d. None of these
8. In ________ costing, all products cost are predetermined even before a product reaches the production floor.
   a. Target b. Activity Based
   c. Standard d. Product Life Cycle
9. Which one of the following variance is always an unfavourable?
   a. Material Price b. Material Yield
   c. Idle Time d. Labour Yield

10. The P/v ratio of a company is 50% and margin of safety is 40%. If present sales is Rs.30,00,000 then BEP in Rs. will be:
  a. Rs.9,00,000 b. Rs.5,00,000
  c. Rs.18,00,000 d. None of the above

11. In common size analysis the items in the income statement are expressed as a percentage of ....
  a. net sales b. gross sales
  c. total expenses d. total assets

12. The sources and applications of funds are --------------------------.
  a. Issue of shares b. Redemption of fixed assets
  c. Sale of fixed assets d. All of these

13. Cash from investing activities arises from _______________.
  a. Sale of fixed assets.
  b. Sale of fixed assets for consideration other than cash.
  c. Sale of current assets.
  d. All of these

14. Which of the following is not a function of Cost Accounting?
  a. Cost ascertainment b. Decision-making
  c. Planning and control d. External reporting

15. Which one of the following is not a responsibility centre?
  a. Cost or Expenses Centre b. Investment Centre
  c. Profit or Revenue Centre d. Price Centre

16. The method determining the value of human resource on the basis of an employee's value in alternative use is called
  a. Return on efforts employed method b. Replacement cost method
  c. Opportunity cost method d. Historical cost method

17. The main purpose of cost accounting is to:
  a. Maximize profits.
  b. Provide information to management for decision making
  c. Help in inventory valuation
  d. Aid in the fixation of selling price

18. Which one of the following is not the benefit offered by Activity Based Costing?
  a. Determination of cost b. Helpful in strategic decision
  c. Helps Improving performance d. Helps in tax planning

19. Under Life Cycle Costing cost analysis should take into account the cost of the product over its entire ....
  a. Process b. Lifetime
  c. Research and development only d. growth stage only

20. Which one of the following is not the tool of Management Accounting?
  a. Journal entry b. Budgetary control
  c. Standard costing d. Marginal costing

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PART-B : Descriptive

Time : 2 hrs. 40 min. **Marks : 50**

[Answer question no.1 & any four (4) from the rest]

1. "Management Accounting assists in the corporate planning process". Explain. Also briefly describe the limitations of Management Accounting. 7+3=10

2. What is Human Resource Accounting? Critically discuss any three methods of HR Accounting. 3+7=10

3. "Marginal costing is a very useful technique to management for decision making". Explain. 10

4. A, B and C are three similar plants under the same management who want them to be merged for better operation. The details are as under: 6+4=10

Plant	A	B	C
Capacity Operated	100%	70%	50%
	(Rs. in lakhs)	(Rs. in lakhs)	(Rs. in lakhs)
Turnover	300	280	150
Variable cost	200	210	75
Fixed cost	70	50	62

Find out:
a) the capacity of the merged plant for Break even;
b) the profit at 75% capacity of the merged plant; the turnover from the merged plant to give a profit of Rs.28 lakhs.

5. The budgeted expenses for the production of 10,000 units in a factory are furnished bellow: 10

Per Units	(Rs.)
Materials	70
Labour	25
Variable Overheads	20
Fixed Overheads	10
Direct Variable Overheads	5
Selling expenses (15% fixed)	13
Distribution Expenses (80% variable)	7
Administrative expenses (Fixed)	5

Total	155

Prepare a budget for the production of 15,000 units.