

M.Com. 1st Semester (Batch 2024-26) (CBGS)

MANAGEMENT ACCOUNTING AND
CONTROL SYSTEMS

Paper : MCO01006T

Time Allowed—3 Hours] [Maximum Marks—100

Note :— Attempt **FIVE** questions in all, selecting at least **ONE** question from each section. The fifth question may be attempted from any section. All questions carry equal marks.

SECTION—A

1. What is Accounting Information ? How this information is helpful for different users ? 20
2. Discuss the relationship between management control, strategic planning and operational control. 20

SECTION—B

3. The cost of an article at the capacity level of 5,000 units is given under. Prepare a budget for 6,000 units and 10,000 units :

Particulars	Amount(Rs.)
Material Cost (100 percent variable)	2,50,000
Labour Cost (100 percent variable)	1,50,000
Power (80 percent variable)	12,500
Repair and Maintenance (75 percent variable)	20,000
Stores (100 percent variable)	10,000
Inspection (20 percent variable)	5,000
Administration Overheads (25 percent variable)	50,000
Selling Overheads (50 percent variable)	30,000
Depreciation (100 percent fixed)	1,00,000

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4. What are responsibility centres ? Explain the role of cost centre, revenue centre and profit centre for corporate houses. 20

SECTION—C

5. This question has two parts containing 10 marks each :

- (a) From the following information calculate fixed cost, variable cost & profit volume ratio :

	Period I	Period II
Sales	5,00,000	10,00,000
Total cost	3,00,000	5,00,000
Profit	2,00,000	5,00,000

- (b) The following particulars are extracted from the costing records of a factory :

	Product A (Rs.)	Product B (Rs.)
Selling price	200	500
Material (Rs. 20 per litre)	40	160
Labour (Rs. 10 per hour)	50	100
Variable overheads	20	40

Total Fixed Overheads Rs. 15,000.

Comment on the profitability of each product when :

- (i) Raw material is in short supply as in total 1,000 litres are available and maximum sales quantity can be 300 units for each product.
- (ii) Labour is in short supply as in total 1,000 hours are available and minimum 30 units must be produced for each product.

6. Calculate labour time, labour rate and labour cost variance from following information. Further justify that labour cost variance is the accumulation of time and rate variance :

Type of labour	Std. rate (per man day in Rs.)	Std time (man days)	Actual rate (per man day in Rs.)	Actual time (man days)
Unskilled	100	75	120	70
Semi skilled	150	60	140	60
Skilled	200	60	220	50

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SECTION—D

7. From the following information prepare comparative Balance Sheet and analyze the financial position :

Liabilities	31 st March, 2022	31 st March, 2021
Equity share capital	2,00,000	3,00,000
Preference share capital	3,00,000	4,00,000
Reserve and surplus	1,00,000	1,00,000
Secured loans (long term)	1,00,000	5,00,000
Borrowings (Long term)	2,00,000	3,00,000

Creditors	2,00,000	3,00,000
Bills payable	2,00,000	1,00,000
10 percent debentures	7,00,000	10,00,000
Total	20,00,000	30,00,000

Assets	31 st March, 2022	31 st March, 2021
Building	5,00,000	4,00,000
Land	3,00,000	4,00,000
Furniture	2,50,000	2,00,000
Investments	2,00,000	3,00,000
Stock	1,00,000	1,00,000
Debtors	50,000	5,00,000

Intangible Assets	2,00,000	6,00,000
Other Current Assets	4,00,000	5,00,000
Total	20,00,000	30,00,000

8. Write notes on (10 marks each) :

(a) Target costing

(b) Financial reporting.