MCO-05
Master of Commerce (Online)
Accounting for Managerial Decisions
Duration : 3 hours
Maximum marks : 100

There are Three Sections and all are compulsory.

Section-A (5 × 4 marks)

1. Write short notes on any five of the following:
   A) Going Concern Concept
   B) Contract Costing
   C) Preliminary Expenses
   D) Inventory Turnover Ratio
   E) Budget Manual
   F) Standard Costing
   G) Activity Based Costing

Section-B

Attempt any five questions All questions carry equal marks.

2. Discuss the importance of Accounting Standards. 10
3. Describe the role of value chain analysis and customer cost analysis in strategic cost management. 5, 5
4. What is Budgeting? What are the advantages of Budgeting? 2, 8
5. State whether the following items of expenditure would be treated as a capital expenditure or revenue expenditure or differed revenue expenditure with explanation: 5 × 2 = 10
   i) Carriage on goods purchase Rs. 1,000
   ii) Rs. 1,00,000 paid for import duty and cartage on purchase of machinery.
   iii) Rs. 50,000 spent on issue of equity shares.

iv) Rs. 5,000 spent on repairs of machinery.

v) Rs. 4 lakh spent on construction of railway platform.

6. From the following extract of a Trial Balance and additional information, show in profit and loss account, and Balance Sheet.

Trial balance extracts as on 31-03-2022	Dr. (Rs.)	Cr. (Rs.)
Provision for Taxation (2020-21)		2,50,000
Advance Income Tax (2020-21)	2,60,000	
Advance Income Tax (2021-22)	3,00,000	

Additional Information: 5, 5

i) The actual tax liability for the year 2020-21 amounted to Rs. 2,75,000

ii) Provision for taxation for the year 2021-22 of Rs. 2,85,000 is required to be made.

7. The gross profit margin of a company is Rs. 12,00,000 and the operating expenses are Rs. 4,50,000. The tax to be paid Rs. 4,80,000. Sales for the year are Rs. 27,00,000. Calculate net profit margin. 10

8. Budgeted production for a month : 3000 kgs

Budgeted variable overheads : Rs. 15,600

Standard time for one kg of output : 2 hrs.

Actual overheads : Rs. 14,000

Actual hours : 4,500 hrs.

Calculate variable overhead variance. 10

Section-C

Attempt any two questions.

9. The following information is obtained from A Ltd:

5,10

Sales Rs. 1,00,000

Variable Cost Rs. 60,000

Fixed Cost Rs. 30,000

a) Find P/V ratio and Break-even-point (BEP).

b) Calculate the effect of P/V ratio and BEP :

1) 20% increase in selling price and

2) 10% decrease in selling price

10. From the following information, prepare a Material Budget. Targeted sales of product-A : 1,00,000 units each unit of product-A requires 3 units of material X, and 4 units of material-Y. Estimated opening balances at the commencement of the next year:

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Finished product: 20,000 units

Material-X : 24,000 units

Material-Y : 30,000 units

The derivable closing balances at the end of the next year:

Finished products : 28,000 units

Material-X : 26,000 units

Material-Y : 32,000 units

11. From the following information compute shareholders' funds:

Liabilities (Rs)	Assets (Rs)
11% Preference share capital 3,00,000	Goodwill 2,50,000
Equity share capital 7,00,000	Fixed Assets 10,00,000

Reserves (revenue) 1,50,000	Investments 2,50,000
Capital reserves 75,000	Current Assets 3,75,000
Securities Premium 1,25,000	Preliminary Expenses 80,000
9% Debentures 5,00,000	Discount on Debentures 45,000
Current Liabilities 1,50,000	
20,00,000	20,00,000

Fixed assets include Rs. 40,000 for patents which are considered useless and freehold premises which valued Rs. 75,000 move than its book value. Goodwill is to be valued at Rs. 2,20,000.