2016

COMMERCE

(Accountancy Major)

Paper : 205 (A)

(Management Accounting)

Full Marks : 80

Time : 3 hours

The figures in the margin indicate full marks for the questions

Answer **all** questions

1. *(a)* State whether the following statements are True or False : 1×5=5

   (i) Management accounting anticipates future events.

   (ii) Profit-volume ratio is also known as contribution ratio.

   (iii) Standard costing and budgetary control are similar in nature.

(iv) A flexible budget is also known as variable budget.

(v) Material usage variance is the same as material quantity variance.

(b) Fill in the blanks with appropriate word(s) : 1×5=5

(i) Management accounting provides all possible information required for _____ purposes.

(ii) Prime cost plus variable overhead is known as _____ cost.

(iii) All functional budgets are integrated to form a _____ budget.

(iv) Idle time variance is always _____.

(v) Budgetary control emphasises on controlling of cost, while standard costing emphasises on achieving of _____.

(c) Write in brief on the following in about *50* words each : 2×5=10

(i) Scope of Management Accounting

(ii) Advantages of Marginal Costing

(iii) Meaning of Budgetary Control

(iv) Limitations of Standard Costing

(v) Two points of distinction between Fixed Budget and Flexible Budget

2. Write short notes on any *four* of the following : 5×4=20

(a) Five points of difference between Financial Accounting and Management Accounting

(b) Cost-volume Profit Analysis

(c) Objectives of Budgetary Control

(d) Distinction between Standard Costing and Budgetary Control *(e)* Components of Labour Cost Variance

(f) Use of Accounting Information for Management Purpose

3. Describe the tools and techniques of management accounting needed for managerial decisions. 10

Or

"Management accounting is concerned with information which is useful to management."

Explain the above statement highlighting the nature of information referred to. 10

4. The information in respect of sales and profit of a concern are given below :

Year	*Sales* ₹	*Profit* ₹
2014	1,00,000	15,000
2015	1,20,000	23,000

You are required to calculate the following : $2 \times 5 = 10$

(a) P/V ratio

(b) Fixed cost

(c) Break-even point

(d) Profit when sales are ₹ 1,25,000

(e) Sales required to earn a profit of ₹ 20,000

Or

Describe the managerial application of marginal costing techniques in various decision-making areas. 10

5. *X* Ltd. uses standard costing and furnished the following information :

Standard material for 700 units of finished product—1000 kg

Standard price of material—₹ 1 per kg

Actual output produced—210000 units

Opening stock of material—22000 kg

Purchased 300000 kg of materials for ₹ 2,70,000

Closing stock of material—17000 kg

Calculate the following :

(a) Direct material cost variance

(b) Direct material price variance

(c) Direct material usage variance

Give the significance of the above variances. 10

Or

State the meaning of standard costing. Explain the steps of setting standard cost.
3+7=10

6. The expenses for production of 6000 units and 8000 units at 60% and 80% capacity respectively in a factory are given below :

	Expenses (in ₹)	
	6000 units	*8000 units*
Material	4,20,000	5,60,000
Labour	1,50,000	2,00,000
Direct expenses	30,000	40,000
Factory overhead	2,20,000	2,60,000
Administrative overhead	50,000	50,000
Selling expenses	83,200	1,06,600
	9,53,200	12,16,600

Administrative overhead, fixed factory overhead and fixed selling expenses are rigid at any level of activity up to 100% capacity. Prepare a Flexible Budget for production of 10000 units at 100% capacity. [Show proper working notes] 10

Or

State the advantages and limitations of budgetary control in a business. 5+5=10

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