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4 (Sem-2) MMAC

2017

**COMMERCE**

**(Accountancy Major)**

Paper : 205(A)

**(Management Accounting)**

Full Marks – 80

Time – Three hours

The figures in the margin indicate full marks for the questions.

1. (a) State whether the following statements are true or false : 1×5=5
- (i) Management Accounting provides decision to the management.
  - (ii) Marginal cost comprises prime cost plus variable overhead.
  - (iii) A budget is a plan of action for a future period.

[Turn over

- (iv) Standard Costing is a method of cost ascertainment.
- (v) Budgetary Control starts with budgeting and ends with control.
- (b) Fill in the blanks with appropriate word(s) :  
1×5=5
- (i) Management Accountant is required to submit \_\_\_\_\_ to the management on different aspects of a business.
- (ii) P/V ratio is also known as \_\_\_\_\_ ratio.
- (iii) A budget which consolidates the organisation's overall plan is called \_\_\_\_\_.
- (iv) Standard Costing \_\_\_\_\_ the variations of actual costs from standard costs.
- (v) Material usage variance = Material mix variance + \_\_\_\_\_.
- (c) Answer the following questions : 2×5=10
- (i) Mention two objectives of Management Accounting.
- (ii) Mention two features of Marginal Costing.

- (iii) Mention any two characteristics of good budgeting.
- (iv) Indicate the industries where Standard Costing system is suitably applied.
- (v) Explain variance analysis.

2. Answer the following questions :  $5 \times 4 = 20$

- (a) Why is the Management Accounting a separate discipline other than Cost Accounting ?
- (b) Explain the role of computer in management decision making process.

Or

What is meant by the term 'Cost - Volume-Profit Analysis' ?

- (c) What is meant by Zero-Based Budget ?

Or

Define 'fixed budget' and 'flexible budget'.

- (d) What is material cost variance ? What are its different components ?

3. Describe the uses of accounting information for managerial decision making purposes. 10

Or

"Management Accounting is an integral part of the system of management control." Explain the various constituents of management control and point out the functions of Management Accountant in relation thereto. 10

4. What is meant by Budgetary Control ? What are the essentials for success of a Budgetary Control system ? 10

Or

A company is expecting to have Rs. 25,000 cash in hand on 1st April, 2016 and it requests you to prepare cash budget for three months, April to June, 2016. The following information is supplied to you :

Months	Sales (Rs.)	Purchases (Rs.)	Wages (Rs.)	Expenses (Rs.)
February	70,000	40,000	8,000	6,000
March	80,000	50,000	8,000	7,000
April	92,000	52,000	9,000	7,000
May	1,00,000	60,000	10,000	8,000
June	1,20,000	55,000	12,000	9,000

Other information :

- (a) Period of credit allowed by suppliers is two months.
  - (b) 25% of sales is for cash and the period of credit allowed to customers for credit sales is one month.
  - (c) Delay in payment of wages and expenses is one month.
  - (d) Income tax Rs. 25,000 is to be paid in June, 2016.
5. "The technique of Marginal Costing can be a valuable aid to the management." Discuss. 10

Or

A company sold in two successive periods 7,000 units and 9,000 units and has incurred a loss of Rs. 10,000 and earned a profit of Rs. 10,000 respectively. The selling price per unit is Rs.100. You are required to calculate : 10

- (a) P. V. ratio
- (b) The amount of fixed cost
- (c) Sales at break-even point
- (d) Sales required to earn a profit of Rs. 40,000.

6. Explain the concept of "Standard Cost" and 'Standard Costing' and outline the primary objects of Standard Costing. 10

Or

The standard cost for a product is : 10

Time : 10 hours per unit

Cost : Rs. 5 per hour

Actual performance was : Production - 1,000 units

Hours taken : 10,400 hours

Idle time : 400 hours

Payment made : Rs. 56,160 @ Rs. 5.20 per hour.

From the above particulars, you are required to calculate :

- (a) Labour rate variance
- (b) Labour efficiency variance
- (c) Idle time variance
- (d) Labour cost variance.