Total No. of printed pages = 6

4 (Sem-2) MNAC

2012

MANAGEMENT ACCOUNTING

(Major)

Full Marks – 80

Time – Three hours

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

1. (a) Answer the following as directed : 1×10=10

(i) The information in the management accounting system is used for purposes like measurement, control and decision making. (State whether true or false.)

(ii) The excess of the actual sales revenue (ASR) over the break even sales revenue (BESR) is known as the margin of safety. (State whether true or false.)

(iii) Sales minus variable cost is known as ______. (Fill in the blank.)

Contribution

[Turn over

(iv) A budget is a comprehensive and co-ordinated plan, expressed in financial terms for the operations and resources of an enterprise for some specified period in the future. (State whether the statement is true or false.)

20
8

(v) Cash budget is prepared with the items having a bearing on cash flows, non cash items such as depreciation are excluded. (State whether the statement is true or false.)

10
9
18
20
8
55
65
18
83

(vi) A flexible budget does not estimate cost at several levels of activity, it contains only one estimate at one level. (State whether the statement is true or false.)

(vii) The marginal costing assumes that there is no limiting factor and there is no limit on the number of units of each product to be produced or sold. (State whether the statement is true or false.)

(viii) The level of activity at which there is neither profit nor loss is known as ——. (Fill in the blank.)

(ix) Standard costing uses standards for cost and revenues; and not for control purpose. (State whether the statement is true or false.)

(x) A budget should cover a definite and well defined period for future. (State whether the statement is true or false.)

(b) Write brief answers to the following in about 50 words each : 2×5=10

(i) State the meaning of budget.

(ii) State the meaning of variance.

(iii) What is marginal cost ?

(iv) What is flexible budget ?

(v) State the meaning of standard cost.

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

(i) Standard costing vs. budgetary control

(ii) Cash budget

(iii) Break even analysis

(iv) Tools of management accounting

(v) Scope of management accounting

(vi) Applications of standard costing.

3. The Shevlock Company produces three products A, B and C, the following are the results for 2010 : 10

Product	Sales (Rs.)	Variable cost (Rs.)
A	5,000	2,000
B	3,000	1,800
C	2,000	1,500

Fixed cost Rs. 2,200.

Find out the break even point in rupee value and comment on the results.

Or

Describe the managerial uses of marginal costing. 10

4. Isubu Tiles Ltd. has prepared the budget for the production of 100,000 units for a costing period as given below : 10

	Per unit Rs.
Raw materials	10·00
Direct labour	3·00
Direct expenses	0·30
Works overhead (60% fixed)	10·00
Administrative overhead (80% fixed)	1·60
Sales overhead (50% fixed)	0·70

25·6 ; 30·68

Actual production in the period was only 60,000 units. Prepare budgets for the original and revised levels of output.

Or

Describe the steps to be adopted for the installation of a budgetary control system. 10

5. Skywalk manufacturing company which has adopted standard costing furnishes the following information : 10

Standard :

Material for 70 kgs output of finished products	=	100 kgs.
Price of material	=	Re. 1 per kg.

Actual :	Output	=	2,10,000 kgs
	Material used	=	2,80,000 kgs
	Cost of material	=	Rs. 2,52,000

Calculate (i) the material usage variance,

(ii) the material price variance, and

(iii) the material cost variance.

Or

(i) Show the differences between historical costing and standard costing.

(ii) Discuss the objectives and uses of standard costing. 5+5=10

6. Explain the nature of management accounting. Discuss its role in decision making process. 10

Or

Discuss the use of accounting information and use of computer for management purposes. 10