**2013**

# COMMERCE

## *Management Accounting*

**Paper : 205(A)**

*Full Marks : 80*

Time : Three hours

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

*Ansewr **all** Questions.*

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

   (i) Management Accounting is an integral part of management.

   (ii) In modern business management accounting is compulsory.

   (iii) Marginal cost is the aggregate of prime cost plus variable cost.

   (iv) Functional budgets are prepared by the Budget Committee of the business.

*Contd.*

(v) Idle time variance is always unfavourable.

(b) Fill in the blank with appropriate word / words : 1×5=5

(i) In marginal costing only ______ costs are charged to production.

(ii) If contribution is greater than fixed costs, the excess is known as ______ .

(iii) Flexible budget changes with the changes in ______ .

(iv) The difference between actual cost and standard cost is known as ______ .

(v) Standard cost is a ______ cost.

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

(i) Write the meaning of Budgetary Control.

(ii) Write *two* advantages of Management Accounting.



(iii) Write *two* characteristics of Marginal costing.

(iv) Meaning of Variance analysis.

(v) Write *two* points of distinctions between Fixed budget and Flexible budget.

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

(i) Five points of differences between Financial Accounting and Management Accounting.

(ii) Cost-volume-profit analysis.

(iii) Five objectives of Budgetary control.

(iv) Production budget.

(v) Advantages of standard costing.

(vi) Labour efficiency variance.

3. Discuss the functions of Management Accounting. 10

***OR***

Describe the tools and techniques o
Management Accounting needed for manageria
decision. 1

4. Use Me Cosmetics Ltd. furnished the followin
data :

| | Sales (in ₹) | Profit (in ₹) |
|---|---|---|
| Year 2011 | 60,000 | 4,000 |
| Year 2012 | 70,000 | 6,500 |

You are required to calculate :

*(i)* P/v Ratio

*(ii)* Break even point

*(iii)* Profit when sales are ₹ 90,000.

*(iv)* Sales required to earn a profit of ₹ 6,000.

*(v)* Margin of safety in the year 2012. 10

***OR***

Explain the following term in relation to
Marginal costing : 10

*(i)* Contribution

*(ii)* Margin of Safety



*(iii)* P/v Ratio.

*(iv)* Break even chart.

A company is expecting to have ₹ 25,000 in cash in hand on 1st April 2013 and it requires you to prepare cash budget for the three months, April 2013 to June 2013. The company furnished the following information to you :

| | Sales (₹) | Purchases (₹) | Wages (₹) | Expenses (₹) |
|---|---|---|---|---|
| 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 :

*(i)* Period of credit allowed by supplier is two months ;

*(ii)* 25% of total sales is for cash and the period of credit allowed to customers for credit sales is one month;

*(iii)* Delay in payment of wages and expenses is one month;

*(iv)* Income tax ₹ 25,000 is to be paid in June, 2013. 10

***OR***

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

6. Assam Ltd. uses standard costing and furnished you the following information :

| | |
|---|---|
| Standard materials for 700 units of finished product : | 1,000 *kg.* |
| Price of materials : | ₹ 1 per *kg.* |
| Actual output : | 2,10,000 units |
| Opening stock : | nil |
| Purchased 3,00,000 *kg* for : | ₹ 2,70,000 |
| Closing stock : | 20,000 *kg.* |

Calculate :

*(i)* Direct Material Cost variance

*(ii)* Direct Material Price variance

*(iii)* Direct Material usage variance

*(iv)* Significance of those variances. 10



***OR***

Explain the factors considered in establishment of Standard Costs. 10