Total number of printed pages—7

4 (Sem 2) MNAC

2014

COMMERCE

(Management Accounting)

Paper : 205(A)

Full Marks : 80

Time : Three 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) Marginal Costing regards only variable cost; but fixed cost is treated as period cost.

Contd.

(ii) 'Standard Cost is a predetermined calculation of how much costs should be under specified conditions.'

(iii) Budgetary control cannot be applied in parts or segments and it is a composite and comprehensive item.

(iv) ________ is a cost measured by the change in cost due to change in output by aggregate of all units taken together (choose the most appropriate option from : marginal cost, fixed cost, joint cost)

(v) Management accounting does not embrace presentation of accounting information that assist management in its operating activity and undertaking managerial decisions.

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

(i) Cost volume profit (CPV) technique is based on the assumption that fixed cost, variable cost and selling price per unit are ________ for the time period analysed (choose from : constant ; variable ; semi-variable)

(ii) All the budgets like production, sales, material, labour expenses are then integrated to form a single budget is known as ________.

(iii) Standard cost is a ________ cost which is calculated from management's standards of efficient operation and the relevant necessary expenditure.

(iv) When actual cost is greater than standard cost, then variance is ________.

(v) Electronic data processing and real time information sharing can be facilitated by ________ accounting system.

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

(i) State the nature of management accounting.

(ii) State the meaning of marginal cost and its use.

(iii) Discuss the reasons for preparation of flexible budget.

(iv) How does variance arise in standard costing ?

(v) What is the meaning of budget ?

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

(i) Break even analysis

(ii) Distinction between standard costing and budgetary control

(iii) Assumptions of marginal costing

(iv) Use of accounting information for management purpose

(v) Use of budgetary control as a control device

(vi) Variance analysis in standard costing.

3. From the following information prepare an Income Statement under marginal costing : 10

	Products x	Products y
Direct materials	7,500	33,000
Direct wages	9,000	10,500
Factory overhead : – Fixed	3,000	3,000
– Variable	3,900	13,500
Selling overhead : – Fixed	1,500	1,500
– Variable	2,100	9,000
Sales	32,500	77,500
Opening Stock of finished goods valued at variable cost	500	500

Fixed factory overhead and fixed selling overhead were apportioned to products x and y on equitable bases.

Or

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

4. Explain the different tools and techniques of management accounting in areas of decision-making. 10

Or

Elaborate the application of computer and information technology (CIT) in dissemination of managerial information in management accounting. 10

5. A department of Bankra Green Resort Company attains sales of Rs. 6,00,000 at 80% of its normal capacity. Its expenses are given below :

Office salaries	Rs. 90,000
General expenses	2% of sales
Depreciation	Rs. 7,500
Rent and rates	Rs. 8,750
Selling Cost :	
Travelling expenses	10% of sales
Sales office expenses	2% of sales
Distribution cost :	
Wages	Rs. 15,000
Rent	5% of sales

All fixed expenses are assumed to remain unchanged even at 100% capacity.

Draw up Flexible Administration, Selling and Distribution cost budget, operating at 100% of normal capacity. 10

Or

State the initial steps to be taken for installation of a budgetary control system. In this context highlight the contents of a budget manual.

6. From the following particulars of Gorchuk Green Co, compute : *(a)* material cost variance, *(b)* material price variance, *(c)* material usage variance, and state managerial use of such variances. 10

Quantity of materials purchased	3,000 units
Value of materials purchased	Rs. 9,000
Standard quality of materials required — per ton of output	25 units
Standard rate of material	Rs. 2·50 per unit
Opening Stock of materials	10 units
Closing Stock of materials	510 units
Output during the period	75 units

Or

State the advantages of standard costing. Discuss the steps of setting standard costs. 10