Total No. of printed pages = 7

4 (Sem 2) MNAC

2015

COMMERCE

(Management Accounting)

(Major)

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 : $1\times5=5$

(i) Management Accounting deals only with that information which is useful to the management.

(ii) Profit volume ratio can be improved by reducing the fixed cost.

[Turn over

(iii) Financial Accounting is the base of Management Accounting.

(iv) Flexible Budgets change with the change in level of activity.

(v) Control in Standard Costing is achieved by variance analysis.

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

(i) Excess of contribution over fixed cost is known as ________.

(ii) A budget which consolidates the organization's overall plan is called ________ budget.

(iii) Management Accounting is the accounting for ________ management.

(iv) Standard cost is a ________ cost.

(v) Profit volume ratio is also known as ________ ratio.

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

(i) What are the purposes of standard costing ?

(ii) Mention and explain any two of the objectives of Management Accounting.

(iii) What are the features of Marginal Costing ?

(iv) Explain the objectives of Budgetary Control.

(v) What are the components of material cost variance ?

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

(i) Nature of Management Accounting.

(ii) Meaning of marginal cost and marginal costing.

(iii) Five advantages of standard costing.

(iv) Characteristics of good budgeting.

(v) Features of marginal costing.

(vi) Distinctions between budget and standard.

3. Why is Management Accounting treated as a separate discipline other than Financial Accounting? 10

Or

Explain the role of computer in managerial decision making process. 10

4. Following are the information obtained from the books of Assam Ltd. : 2×5=10

Fixed cost	=	₹ 1,60,000
Sales	=	₹ 100 per unit
Variable cost	=	₹ 90 per unit

Calculate

(a) P/V ratio

(b) Break even sales

(c) Break even units

(d) Sales to earn a profit of ₹ 40,000

(e) Profit when sales are ₹ 20,00,000

Or

Explain the uses of Marginal Costing by Management in decision making process.

5. From the following particulars, compute (a) Labour Cost Variance, (b) Labour Rate Variance, (c) Labour Efficiency Variance, (d) Idle time variance and (e) Managerial uses of such Variances : 2×5=10

Standard hours	5000
Standard wage rate	₹ 4 per hour
Actual hours	6000
Actual wage rate	₹ 3.50 per hour

Time lost due to machine breakdown is 300 hours.

Or

Explain the factors which are considered in establishment of standard cost. 10

6. A company is expected to have ₹ 47,500 cash in hand on 1st April, 2015. From the following information, prepare a cash budget for the three months from April, 2015 to June, 2015. 10

Months	Sales	Purchases	Wages & other expenses
	₹	₹	₹
February	90,000	45,000	27,000
March	1,00,000	48,000	28,000
April	1,20,000	55,000	30,000
May	1,35,000	60,000	32,000
June	1,40,000	63,500	33,000

Other information :

(i) Period of credit allowed by suppliers is 2 months.

(ii) 30% of sales is for cash and period of credit allowed to customers is 1 month.

(iii) Delay in payment of wages and other expenses is 1 month.

(iv) Income tax of ₹ 37,500 is due to be paid in June, 2015.

(v) Plant has been ordered to be received and paid in May, 2015 for replacement of old one in the same month. The new plant under order will cost ₹ 90,000, while the resale value of old one has been agreed upon and to be received for ₹ 17,500.

Or

"Budgetary Control improves planning, aids in co-ordination and helps in having comprehensive control." — Explain in relation to application of Budgetary Control. 10