

4 (Sem-4) CMAC

2016

COST AND MANAGEMENT ACCOUNTING  
( Management Major )

Paper : 405

Full Marks : 80

Time : 3 hours

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

GROUP—A

( Cost Accounting )

( Marks : 40 )

1. (a) Answer the following as directed :  $1 \times 6 = 6$

(i) All costs are controllable.

( Write True or False )

(ii) Variable cost varies

(1) in proportion to volume of  
production

(2) not in proportion to volume of  
production

A16/632

( Turn Over )

( 2 )

- (3) in proportion to administrative overheads
- (4) not in proportion to distribution overheads

( Choose the correct option )

(iii) Bin card shows

- (1) works in process inventory and value of stores
- (2) quantity of stores
- (3) both value and quantity of stores
- (4) value of waste material

( Choose the correct option )

(iv) Recording of employees' attendance in and out of the factory or department is known as time-keeping.

( Write True or False )

(v) Salary of salesmen is

- (1) an example of fixed overhead
- (2) an example of variable overhead
- (3) a case of controllable direct cost
- (4) a case of uncontrollable indirect cost

( Choose the correct option )

( 3 )

(vi) Departmentalization of items of cost is known as primary distribution.

( Write True or False )

(b) Answer any *two* questions of the following : 2×2=4

(i) Give two examples of semi-variable cost.

(ii) Write the objectives of Cost Accounting.

(iii) Write the time rate of wages.

(c) Answer any *two* questions of the following : 5×2=10

(i) Write the classification of cost.

(ii) What are the different techniques of costing?

(iii) What is ABC analysis?

(iv) What are underabsorption and overabsorption?

2. What is Cost Accounting? Explain the differences between Cost Accounting and Financial Accounting.

10

( 4 )

Or

What is a cost sheet? You are also required to prepare a Cost Sheet from the following information : 2+8=10

Mr. Gopal furnishes the following data relating to the manufacture of a standard product for the month of April 2010 :

Raw materials used—₹ 15,000

Direct labour charges—₹ 9,000

Machine hours worked—900 hours

Machine hour rate—₹ 5

Administrative overheads—20% on works cost

Selling overhead—₹ 0.50 per unit

Units produced—17100 units

Units sold—16000 units at ₹ 4 per unit

3. What is labour turnover? What are the costs associated with it? 4+6=10

Or

What do you understand by standard costing? What are the advantages of standard costing? 4+6=10

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GROUP—B

( Management Accounting )

( Marks : 40 )

- (i) Indicate whether the following statements are True or False : 1×6=6
- (i) Management Accounting composed of those accounting activities which promote efficiency in business operations.
  - (ii) Budgetary control is one of the tool and technique of Management Accounting.
  - (iii) Current ratio is used to make the analysis of a long-term financial position.
  - (iv) A funds flow statement is good substitute for income statement.
  - (v)  $\text{Sales} + \text{Variable Cost} = \text{Fixed Cost} \pm \text{Profit}$
  - (vi) A budget prepared on the basis of standard or fixed level of activity is termed as fixed budget.

( 6 )

(b) Answer any two questions of the following :  $2 \times 2 = 4$

(i) Write the scope of Management Accounting.

(ii) Explain any two uses of ratio analysis.

(iii) What is meant by funds from operation?

(iv) What is P/V ratio?

(c) Answer any two questions of the following :  $5 \times 2 = 10$

(i) Write the relationship between Management Accounting and Financial Accounting.

(ii) The following liquidity ratios related to two companies :

	X Company	Y Company
Current ratio	2.50	3.00
Quick ratio	1.50	0.85

Comment on the liquidity position of the two companies.

(iii) What are the different types of financial statement?

( 7 )

(iv) State briefly the effects of the following on break-even point and profit-volume ratio :

(1) Reduction in variable cost per unit

(2) Increase in total fixed cost

Find out (a) current assets, (b) current liabilities, (c) liquid assets and (d) inventory from the following information : 10

Current ratio—2.8

Acid-test ratio—1.5

Working capital—₹ 1,62,000

Or

Explain the managerial applications of marginal costing in any four areas of decision making. 10

Write notes on the following :  $5+5=10$

(a) Any two tools and techniques of Management Accounting

(b) Break-even chart

( 8 )

Or

You are required to prepare a flexible budget for the production of 7000 units. The expenses for the production of 5000 units in a factory are given below :

	₹ (per unit)
Materials	100
Labour	10
Variable overhead	10
Fixed overhead (₹ 50,000)	10
Administrative expenses (10% variable)	10
Selling expenses (20% fixed)	6
Distribution expenses (20% fixed)	5
Total cost of sales	<u>151</u>

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