Total No. of printed pages = 7

4 (Sem-2) MMAC

2019

MANAGEMENT ACCOUNTING

Paper : 205(A)

(Accountancy Major)

Full Marks – 80

Pass Marks – 24

Time – Three hours

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

1. (a) State whether the following statements are true or false : 1×5=5

   (i) In Management Accounting only those figures are used which can be measured in monetary terms.

   (ii) In Management Accounting no emphasis is given to actual figures.

   (iii) Fixed overhead is viewed as a product cost and is charged to product.

[Turn over

(iv) A flexible budget consists of a series of budgets for different levels of activity.

(v) Standard costing does not help in measuring efficiency.

(b) Fill in the blanks with appropriate word(s) : $1 \times 5 = 5$

(i) Cost control is not possible in —— Accounting.

(ii) Contribution to Sales is called ——.

(iii) The excess of Actual Sales over sales at B.E.P is called ——.

(iv) Budgetary control is a system of —— cost.

(v) The difference between Actual Cost and Standard Cost is known as ——.

2. Answer the following questions : $2 \times 5 = 10$

(a) State two limitations of Management Accounting.

(b) Define "Marginal Costing".

(c) Mention two objectives of Budgetary Control.

(d) What is "Key Factor"?

(e) State two advantages of Standard Costing.

3. Answer the following questions : 5×4=20

(a) Explain briefly the scope of Management Accounting.

(b) What is B.E.P (Break Even Point) ? Describe its importance.

Or

From the following information, calculate

(i) P. V. Ratio

(ii) Break Even Sales and

(iii) Ascertain how much the value of sales is to be increased to reach Break Even Sales.

Sales Rs. 80,000

Fixed cost Rs. 36,000

Variable cost Rs. 54,000

(c) Briefly explain the advantages of "Zero Based Budgeting".

(d) Differentiate between "Fixed Budget" and "Flexible Budget".

Or

Explain in brief the Managerial use of Variance Analysis.

4. "Management Accounting is the presentation of accounting information in such a way as to assist the management in the creation of policy and in the day to day operation of the undertaking". Explain the statement. 10

Or

"The managerial objectives of accounting are to provide data to management in planning, decision making, co-ordinating and controlling operations". Discuss. 10

5. "Marginal Costing technique is a valuable aid to management in taking many managerial decisions". Explain the statement with reference to Managerial Application of Marginal Costing. 10

Or

You are given the following data :

Year	Sales (Rs.)	Profit (Rs.)
2017	1,20,000	9,000
2018	1,40,000	13,000

Assuming that the cost structure and selling price remain unchanged in the two years, calculate :

(i) P. V. Ratio

(ii) Break Even Point (in sales)

(iii) Profit when sales are Rs. 1,00,000

(iv) Sales required to earn a profit of Rs. 20,000 and

(v) Margin of safety in 2018. 2+2+2+2+2=10

6. What do you understand by the term "Budget"? Briefly explain the requisites for a successful Budegetary Control system. 3+7=10

Or

From the following data, forecast the cash position at the end of April, May and June 2018 of an organisation : 10

Months	Sales Rs.	Purchases Rs.	Wages Rs.	Sundry Expenses Rs.
February	1,20,000	80,000	10,000	7,000
March	1,30,000	78,000	12,000	9,000

Months	Sales Rs.	Purchases Rs.	Wages Rs.	Sundry Expenses Rs.
April	70,000	1,00,000	8,000	5,000
May	1,16,000	1,03,000	10,000	10,000
June	85,000	80,000	8,000	6,000

Further information :

(i) 10% of sales is realised in the month of sale and the balance is realised equally in two subsequent months.

(ii) Creditors allow a credit of one month.

(iii) 20% of the wages of a month remains as arrear which is paid in the following month.

(iv) Sundry expenses are paid in the month itself.

(v) Income tax Rs. 20,000 and dividends Rs. 12,000 are payable in June.

(vi) Cash in hand as on 1st April, 2018 was Rs. 40,000.

7. What is the meaning and importance of Standard Costing ? Discuss the preliminary steps for establishing a system of Standard Costing.

2+2+6=10

Or

The standard time and rate for unit component "A" are given below :

Standard hours per unit	15
Standard rate	Rs. 4 per hour

The actual data and related information are as under :

Actual production	1,000 units
Actual hours	15,300 hours
Actual rate	Rs. 3.90 per hour

Calculate :

(i) Labour cost variance

(ii) Labour efficiency variance and

(iii) Labour rate variance. 3+3+4=10