REV-00
BCM/ 04 /10 2013/02

BACHELOR OF COMMERCE
Second Semester
Management Accounting
(BCM - 10)

Duration: 3Hrs. **Full Marks: 70**

(PART-B: Descriptive)

Duration: 2 hrs. 40 mins. **Marks: 50**

1. **Answer any five of the following:** **3 x 5 = 15**

(a) How does management accounting differs from financial accounting?

(b) How are variable costs and fixed costs treated in marginal costing?

(c) State the main objectives of budgetary control.

(d) Distinguish between standard cost and estimated cost.

(e) What are the main objectives of responsibility accounting?

(f) What is the suitability of the measure of performance of an expense centre?

(g) "Return on Investment (ROI) is the best measure of overall performance."Do you agree?

2. **Answer any three of the following:** **5 x 3 = 15**

(a) Discuss in brief the functions of management accounting.

(b) What is Profit Volume Ratio? Discuss its importance.

(c) What do you mean by functional budgets? Discuss any two of such budgets.

(d) Explain in brief the various types of variances used in standard costing.

(e) What kind of performance is measured in profit centres? What are the criteria for evaluating that performance?

3. **Answer any two of the following:** **10 x 2 = 20**

(i) The budgeted expenses for the production of 10,000 units in a factory are furnished below:

	Per Unit Rs.
Materials	70
Labour	25
Variable Factory Overheads	20
Fixed Factory Overheads (Rs. 1,00,000)	10
Direct Variable Overheads	5
Selling expenses (10% fixed)	13
Distribution expenses (20% fixed)	7
Administrative expenses (Rs. 50,000)	5
Total cost of sales	155

Prepare a budget for the production of 8,000 units.

(ii) Given the following information:

Units of output	5, 00,000
Fixed costs	Rs. 7, 50,000
Variable costs per unit	Rs. 2
Selling price per unit	Rs.5

You are required to determine:

(a) The break-even point (in units)

(b) The sales (in units) for a profit of Rs.6, 00,000

(c) The profit if 4, 00,000 units are sold at Rs. 6 per unit

(iii)(a) From the following information, calculate the material mix variance:

Material	Standard		Actual	
	Quantity (units)	Price Per Unit (Rs.)	Quantity (units)	Price Per Unit (Rs.)
A	80	8.00	90	7.50
B	70	3.00	80	4.00
	150		170	

(b) From the following data, calculate material yield variance:

Material	Standard Mix	Actual Mix
A	200 units @ Rs.12	160 units @ Rs. 13
B	100 units @ Rs.10	140 units @ Rs.10

Standard loss allowed is 10% of output. Actual output is 275 units.

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(The figures in the margin indicate full marks for the questions)

Duration: 20 minutes **Marks – 20**

PART A- Objective Type

1. Choose the correct answer: **1 x 10 = 10**

(i) Which is/are the main characteristics of Management Accounting?
(a) Providing accounting information
(b) Cause and effect analysis
(c) Concerned with forecasting
(d) All of these

(ii) Production Budget which may consist of:
(a) Raw Material Budget, Sales Budget and Labour Budget
(b) Raw Material Budget, Labour Budget and Manufacturing Budget
(c) Cash Budget, Sales Budget and Flexible Budget
(d) None of these

(iii) Fixed budget is drawn
(a) for one level of activity
(b) for one set of condition
(c) for one level of activity and one set of condition
(d) None of these

(iv) Contribution marging is equal to:
(a) Sales minus (fixed cost + profit)
(b) Profit + variable cost
(c) Fixed Cost + Profit
(d) None of these

(v) Margin of Safety may be improved by
(a) increasing sales volume
(b) lowering variable cost
(c) lowering fixed cost
(d) All of these

(vi) When fixed cost is Rs.7, 000; profit Rs.3, 000 and sales Rs.50, 000, the P/V ratio is
(a) 14%
(b) 20%
(c) 25%
(d) can not be calculated

(vii) When sales is Rs.1, 50,000; fixed cost 30,000 and profit 40,000, the variable cost is..........

(a) Rs.70, 000
(b) Rs. 85,000
(c) Rs. 80,000
(d) None of these

(viii) Three types of standard are

(a) current standard, pure standard and normal standard
(b) capital standard, current standard and normal standard
(c) current standard, basic standard and abnormal standard
(d) current standard, basic standard an normal standard

(ix) Labour rate variance is computed by multiplying the:

(a) standard rate with the difference between standard labour hours and actual labour hours
(b) actual rate with the difference between standard labours hours and actual labour hours
(c) actual labour rate with the difference between standard labour hours and actual labour hours
(d) None of these

(x) Labur Rate of Pay Variance is calculated by the following formula:

(a) Actual time (Standard Rate – Actual Rate)
(b) Idle time (Standard Rate – Actual Rate)
(c) Actual time (Standard Quantity – Actual Quantity)
(d) None of these

2. Fill in the blanks: **1 x 5 = 5**

(i) Marginal cost is the aggregate of prime cost plus ....

(ii) A master budget is the ....incorporating its component functional budgets.

(iii) Labour cost variance is the difference between standard cost of labour and ....

(iv) Responsibility accounting focuses on ....

(v) Division of an organisation in which financial performance is measured on the basis of revenues and expenses is known as..

3. State whether the following statements are 'True' or 'False': **1 x 5 = 5**

(i) Management Accounting helps in modifying accounting data. **True/False**

(ii) Absorption costing and marginal costing are the same. **True/False**

(iii) Affixed budget is useful only when the actual level of activity corresponds to the budgeted level of activity. **True/False**

(iv) For control purposes, long-term budgets should be prepared. **True/False**

(v) Idle Time Variance = Idle Time x Actual Rate. **True/False**

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