REV-01
BCM/26/31

2022/12

SET A

BACHELOR OF COMMERCE
FIFTH SEMESTER
MANAGEMENT ACCOUNTING
BCM – 503
[USE OMR SHEET FOR OBJECTIVE PART]

Duration: 3 hrs. | **Full Marks: 70**

Objective

Time: 30 mins. | **Marks: 20**

Choose the correct answer from the following: ***1×20=20***

1. Which one is a tool of Management Accounting?
   a. Limit Costing
   b. Standard Costing
   c. Purchase Costing
   d. Green Costing

2. The term "Management Accounting" was first coined in which year?
   a. 1967
   b. 1977
   c. 1950
   d. 1960

3. Which of these is not an issue of Management Accounting?
   a. Pest Control
   b. Life Cycle Control
   c. Value Chain Analysis
   d. Activity Based Control

4. The current ratio of BM Ltd. is 2: 1, while quick ratio is 1.80: 1. If the current liabilities are Rs. 40,000, the value of stock will be Rs. ________.
   a. 6400
   b. 8000
   c. 10000
   d. 12000

5. The annual credit sales of a firm amounts to Rs. 12,80,000 and the debtors amount to Rs. 1,60,000. Then the debtors' turnover and average collection period are________ respectively.
   a. 4 and 90 days
   b. 8 and 45 days
   c. 6 and 60 days
   d. 7 and 50 days

6. Contribution is known as:
   a. Marginal Income
   b. Marginal Cost
   c. Gross Margin
   d. Net Income

7. In two consecutive periods, sales, and profit were Rs. 1,60,000 and Rs. 8,000 respectively in the first period and Rs. 1,80,000 and Rs. 14,000 respectively during the second period. If there is no change in fixed costs between the two periods, then P/V ratio must be________.
   a. 20%
   b. 25%
   c. 30%
   d. 40%

8. ……… cost is the change in cost that results from adoption of an alternative course of action.
   a. Variable
   b. Fixed
   c. Differential
   d. Semi- Variable

9. Profit/Volume ratio is an indicator of:
   a. The volume of sales
   b. The volume of profit
   c. The rate of profit
   d. None of the above.

10. Which of one of the following is not a method of Transfer Pricing?
   a. Cost price
   b. Cost plus a normal mark-up
   c. Market price
   d. Budgeted price

11. Margin of safety may be improved by:
   a. Increasing sales volume
   b. Lowering variable cost
   c. Lowering fixed cost
   d. All of the above

12. Management accounting deals with:
   a. Qualitative information
   b. Quantitative information
   c. Both a and b
   d. None of the above

13. Which of the following transactions will improve the current ratio?
   a. Purchase of goods for cash
   b. Payment to trade creditors
   c. Credit purchase of goods
   d. Cash collected from trade debtors

14. A budget is a projected plan of action in.............
   a. Physical units
   b. Monetary units
   c. Physical units and for monetary terms
   d. None of the above

15. The selling price per unit Rs. 20, variable cost Rs. 12 per unit and fixed cost Rs. 16,000, the break-even production in units-
   a. 800
   b. 2000
   c. 3000
   d. 1000

16. Sales budget is a
   a. Functional budget
   b. Master budget
   c. Expenditure budget
   d. Revenue budget

17. In the case of plant, the limiting factor may be:
   a. Insufficient capacity
   b. Shortage of experienced salesmen
   c. General shortage of power
   d. Lack of knowledge

18. The difference between fixed and variable cost has a special significance in the preparation of ....
   a. Flexible budget
   b. Master budget
   c. Cash budget
   d. Fiscal budget

19. Which of the following is responsibility centre?
   a. Expense centre
   b. Profit centre
   c. Investment centre
   d. All of the above

20. Which of the following statements are true about responsibility accounting?
   a. Responsibility accounting results in inter-departmental conflicts
   b. In responsibility center more focus is paid on products, processes or jobs
   c. No focus is paid on controlling costs
   d. None of the above

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Descriptive

Time : 2 Hr. 30 Mins. Marks : 50

[Answer question no.1 & any four (4) from the rest]

1. Following is the Profit and Loss Account of Mr. X for the year ended 31st March, 2017: 2×5=10
You are required to calculate:

Dr.			Cr.
To Opening Stock	1,00,000	By Sales	5,60,000
" Purchases	3,50,000	" Closing Stock	1,00,000
" Wages	9,000		
" Gross Profit c/d	2,01,000		
	6,60,000		6,60,000
To Administrative Expenses	20,000	By Gross Profit b/d	2,01,000
" Selling and Distribution Expenses	89,000	" Interest on Investments	10,000
" Non- operating expenses	30,000	" Profit on Sale of Investments	8,000
" Net Profit	80,000		
	2,19,000		2,19,000

a) Gross Profit Ratio
b) Net Profit Ratio
c) Operating Ratio
d) Operating Profit Ratio
e) Administrative Expenses Ratio

2. A multi-product company has the following costs and output data for the last year 8+2=10

		Product	
	X	Y	Z
Sales Mix	40%	35%	25%
	Rs.	Rs.	Rs.
Selling Price	20	25	30
Variable Cost per unit	10	15	18
Total Fixed Costs			1,50,000
Total Sales			5,00,000

The company proposes to replace product Z by products S. Estimated cost and output data are:

	X	Y	Z
Sales Mix	50%	30%	20%
	Rs.	Rs.	Rs.
Selling Price	20	25	28
Variable Cost/unit	10	15	14
Total Fixed Cost			1,50,000
Total Sales			5,00,000

Analyse the proposed change and suggest what decision the company should take.

3. Assuming that the cost structure and selling prices remain the same in Periods I and II, find out: 2×5=10
   a) Profit Volume Ratio;
   b) Break Even Point for Sales;
   c) Profit when Sales are of Rs. 1,00,000;
   d) Sales required to earn a Profit of Rs. 20,000; and
   e) Margin of Safety at a profit of Rs. 15,000;

Period	Sales	Profit
	Rs.	Rs.
I	1,20,000	9,000
II	1,40,000	13,000

4. From the information given below prepare flexible budget at 60 and 80 per cent capacities, and fix the total overhead rates as a per cent on direct wages at these capacities. 5+5=10

Particulars	At 60% capacity	At 75% capacity	At 80% capacity
	Rs.	Rs.	Rs.
Variable overheads:			
Indirect materials		7,500	
Indirect labour		22,500	
Semi-variable overheads:			
Electricity (40% fixed, 60% variable)		37,500	
Repairs and maintenance (80% fixed, 20% variable)		3,750	
Fixed overheads:			
Salaries		1,00,000	
Insurance		5,000	
Depreciation		25,000	

Estimated direct wages, Rs. 40,250 at 75% capacity.

5. Discuss in detail the function and nature of management accounting. 5+5=10

6. "Ratio analysis is only a technique for making judgements and not a substitute for judgements." Examine the statement. 10

7. Write short notes on the following: (*Any two*) 5×2=10
   a) Zero Base Budgeting
   b) Performance Budgeting
   c) Master Budget

8. a) Explain the different types of 'Responsibility Centres'. 6+4=10
   b) Write a short note on Transfer Pricing.

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