2011

COMMERCE

(Honours)

Paper : BC–2.41

(Management Accounting)

Full Marks : 100

Pass Marks : 30

Time : 3 hours

The figures in the margin indicate full marks for the questions

Answer *any* **five** questions

1. From the following information, calculate—
   (a) Variable overheads variance;
   (b) Fixed overheads variance;
   (c) Expenditure variance;
   (d) Capacity variance;
   (e) Efficiency variance : 20

	Budget	*Actual*
Output in units	120000	140000
Number of working days	22	24
Fixed overheads (Rs)	3,60,000	4,90,000
Variable overheads (Rs)	2,40,000	3,50,000

There was an increase of 10% in capacity.

2. The following financial statement of *ABC* Ltd. is summarized as on 31st December, 2010 :

Liabilities	Rs	*Assets*	Rs
Fully Paid-up Capital	2,60,000	Fixed Assets	2,90,000
10% Preference Share Capital	1,00,000	Stock-in-Trade	1,42,000
Reserve and Surplus	80,000	Sundry Debtors	2,08,000
Debentures	60,000	Short-term Investment	20,000
Bank Overdraft	40,000	Cash in Hand	80,000
Sundry Creditors	2,00,000		
	7,40,000		7,40,000

Annual Sales—Rs 17,40,000
Gross Profit—Rs 1,74,000

You are required to calculate the following ratios for the year when the Bank Overdraft is payable on demand : 20

(a) Current ratio

(b) Proprietary ratio

(c) Debt-equity ratio

(d) Capital gearing ratio

(e) Gross profit ratio

3. *(a)* Explain the terms 'break-even point' and 'margin of safety' in Marginal Costing. 8

(b) From the following information, calculate P/V ratio, BEP and determine the net profit if sales are 25% above BEP : 12

Selling price per unit—Rs 100
Direct material cost per unit—Rs 40
Direct wages per unit—Rs 20
Variable overheads per unit—Rs 15
Fixed overheads (Total)—Rs 1,00,000

4. The following information relates to a flexible budget at 60% capacity. Find out the overhead costs at 50% and 70% capacity and also determine the overhead rates : 20

	Expenses at 60% capacity
Variable Overheads :	Rs
Indirect labour	24,000
Stores including spares	8,000
Semi-variable Overheads :	
Power (60% Fixed and 40% Variable)	40,000
Repairs (40% Fixed and 60% Variable)	4,000
Fixed Overheads :	
Depreciation	22,000
Insurance	6,000
Salaries	20,000

Estimated direct labour hours—
124000 hours

5. What is Management Accounting? How does Management Accounting differs from Financial Accounting? What are the limitations of Management Accounting? 3+9+8=20

6. Explain the basic characteristics and assumptions of Marginal Costing. What is the main difference between Marginal Costing and Absorption Costing? 12+8=20

7. Define 'budget' and 'budgetary control'. State the advantages and limitations of budgetary control in an organization. 6+14=20

8. What are the procedures of analysis and interpretation of financial statements? How far financial statements are helpful to the parties interested to know the financial position of the enterprise? 6+14=20

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