BCOM/III/CC/09

2021

(CBCS)

(3rd Semester)

COMMERCE

NINTH PAPER

[Management Accounting]

Full Marks: 75

Time: 2 hours

INSTRUCTIONS TO CANDIDATES

(Please read the instructions carefully before you start writing your answers)

1. Questions should be attempted as per instructions.
2. Do not copy the Questions. Indicate the Section and Question No. clearly while attempting the answer.
3. For Multiple choice answers, candidate should indicate the Question No., Sub. No., (if any) and the correct answer. For example :

   1. Name the State capital of Mizoram.

   (a) Lunglei

   (b) Aizawl

   (c) Champhai

   Candidate should provide answer as—Q. No. *1* : *(b) Aizawl*
   [Candidate should avoid writing only *(b)*]
4. Section B - Answer to Short Answer should be limited to **One Page** only.
5. The figures in the margin indicate full marks for the questions.

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SECTION : A – OBJECTIVE

(Marks: 30)

Choose the correct answer from the following:

1x30=30

1. Which of the following is futuristic in its approach?
   (a) Management accounting
   (b) Cost accounting
   (c) Financial accounting
   (d) Historical cost accounting

2. Management accounting generates reports for
   (a) government
   (b) internal management
   (c) external stakeholders
   (d) internal and external stakeholders

3. The period of reporting in management accounting
   (a) is weekly
   (b) is monthly
   (c) is yearly
   (d) may be weekly, fortnightly or monthly

4. Management accounting performs functions like
   (a) budgeting and forecasting
   (b) cost control
   (c) evaluates performance of management
   (d) all of the above

5. Controlling as a function of management accounting uses
   (a) standard costing
   (b) external audit
   (c) controllers
   (d) tax policies

6. Which of the following is NOT a technique used in management accounting?
   (a) Cash flow statement
   (b) Variance analysis
   (c) Journal entry
   (d) Marginal costing

7. Current assets do not include
   (a) prepaid expenses.
   (b) inventory.
   (c) bills receivable.
   (d) goodwill.

8. If the Current ratio is 5 : 3 and current liability is ₹ 60,000, then working capital will be
   (a) ₹ 20,000.
   (b) ₹ 30,000.
   (c) ₹ 40,000.
   (d) ₹ 50,000.

9. Working capital is the
   (a) cash and bank balance.
   (b) capital borrowed from banks.
   (c) difference between current assets and current liabilities.
   (d) difference between current assets and fixed assets.

10. Liquid assets is determined by

(a) Current assets – stock - Prepaid expenses.

(b) Current assets + stock + prepaid expenses.

(c) Current assets + Prepaid expenses.

(d) Current assets + stock - Prepaid expenses.

11. The ideal quick ratio is

(a) 2 : 1

(b) 1 : 2

(c) 1 : 1

(d) 3 : 2

12. Quick ratio is 1.8 : 1, current ratio is 2.7 : 1 and current liabilities are ₹ 60,000, value of stock is

(a) ₹ 54,000.

(b) ₹ 55,000.

(c) ₹ 60,000.

(d) ₹ 64,000.

13. Contribution comprises

(a) fixed cost and profit.

(b) variable cost and profit.

(c) fixed cost and variable cost.

(d) marginal cost and profit.

14. If variable cost per unit is ₹ 15, selling price is ₹ 20 and fixed cost is ₹ 54,000, then BEP will be

(a) 10,200 units.

(b) 10,500 units.

(c) 10,800 units.

(d) 20,000 units.

15. The angle formed by the sales line and total cost line at the break-even point is known as

(a) Profit variable.

(b) Margin of safety.

(c) Angle of incidence.

(d) Angle of profit.

16. The formula for Margin of Safety is

(a) P/v ratio/Profit.

(b) Profit/P/v ratio.

(c) Profit/sales.

(d) Fixed cost/contribution.

17. Sales ₹ 1,00,000, variable cost ₹ 50,000 and net profit ratio is 10% on sales, find out fixed cost.

(a) ₹ 3,000

(b) ₹ 4,000

(c) ₹ 5,000

(d) ₹ 6,000

18. If total cost is Rs. 10,000, fixed cost is Rs. 5,000 and contribution per unit is Rs. 50, what will be the BEP (in units)?

(a) 150

(b) 120

(c) 110

(d) 100

19. Budgetary control system acts as a friend, philosopher and guide to the

(a) management

(b) shareholders

(c) creditors

(d) employees

20. On the basis of activity levels or capacity, the budgets may be classified as

(a) functional budgets and master budgets

(b) fixed budgets and flexible budgets

(c) basic budgets and current budgets

(d) long term budgets and short-term budgets

21. Production budget is dependent on
   (a) purchase budget
   (b) sales budget
   (c) cash budget
   (d) overhead budget

22. A budget which consolidates the organization's overall plan is called
   (a) budget manual
   (b) flexible budget
   (c) long-term budget
   (d) master budget

23. In 10,000 units of production, the amount of distribution expenses (fixed) is Rs. 10,000. What would be the distribution expenses (fixed) if the production goes down to 8,000 units?
   (a) Rs. 70,000
   (b) Rs. 80,000
   (c) Rs. 90,000
   (d) Rs. 10,000

24. If actual output is lower than budgeted output, which of the following costs would you expect to be lower than the original budget?
   (a) Total fixed cost
   (b) Fixed cost per unit
   (c) Total variable cost
   (d) Variable cost per unit

25. Standard costing involves
   (a) fixation of estimated costs.
   (b) setting of budgeted costs.
   (c) determination of standard costs.
   (d) calculation of total costs.

26. Labour Cost Variance is the difference between
   (a) Standard Labour Cost and Actual Labour Cost.
   (b) Fixed Labour Cost and Variable Labour Cost.
   (c) Estimated Labour Cost and Standard Labour Cost.
   (d) Standard Labour Cost and Variable Labour Cost.

27. Standard costing is the preparation of standard costs and their comparison with

(a) marginal costs.

(b) variances.

(c) actual costs.

(d) budgeted costs.

28. Standard cost of material for a given quantity of output is ₹15,000 while the actual cost of material used is ₹16,200. The material cost variance is

(a) ₹ 1, 500 (F).

(b) ₹ 1, 500 (A).

(c) ₹ 1, 200 (F).

(d) ₹ 1, 200 (A).

29. Labour Cost Variance is sub-divided into labour rate variance and

(a) Labour Mix Variance

(b) Labour Yield Variance

(c) Labour Efficiency Variance

(d) Labour Idle Time Variance

30. If abnormal idle time is 160 hours and standard rate is ₹ 0.80, then labour idle time is

(a) ₹ 12.80 (F)

(b) ₹ 12.80 (A)

(c) ₹ 128 (F)

(d) ₹ 128 (A)

SECTION : B – SHORT ANSWER

(Marks : 45)

Answer the following questions in not more than 1 (one) page each, choosing 3 (three) questions from each unit.

3x15=45

UNIT I

1. Describe three important functions of Management Accounting
2. What do you mean by Financial Planning?
3. Differentiate between cost accounting and management accounting in three points.
4. Mention in brief the roles of management Accountant in decision making.

UNIT II

5. Explain the concepts of liquidity ratio and solvency ratio.
6. What are the limitations of accounting ratio?
7. A trader carries an average inventory of Rs. 40,000. His inventory turnover ratio is 8 times. If he sells goods at a profit of 20% on Revenue from operations, find out the gross profit.
8. Calculate current assets of a company from the following information:

   Inventory turnover ratio = 4 times

   Inventory at the end is Rs. 20,000 more than the inventory in the beginning.

   Revenue from Operations Rs. 3,00,000 and gross profit ratio is 20% of revenue from operations.

   Current liabilities = Rs. 40,000

   Quick ratio = 0.75: 1

UNIT III

9. Absorption Costing
10. Margin of Safety
11. A company producing 500 units, its variable cost is ₹ 200 per unit and sale price ₹ 250 per unit, fixed expenses are ₹12,000 per month. What is BEP in unit?
12. If contribution is ₹ 70,000, fixed cost is ₹ 60,000 and P/V ratio is 20%, what will be the margin of safety?

UNIT IV

13. Budgetary Control
14. Flexible Budget
15. When selling expenses at 60% level of production is ₹1,50,000 (20% fixed), what is the selling expenses at 80% level of production?
16. With the following data for 60% activity, prepare a budget for production at 80% capacity:

    Production at 60% capacity - 600 units

    Material - ₹ 100 per unit

    Labour - ₹ 40 per unit

    Direct Expenses - ₹ 10 per unit

    Factory overheads - ₹ 40,000 (40% fixed)

    Administration Expenses - ₹ 30,000 (60% fixed)

UNIT V

17. Distinguish between Standard Cost and Historical Cost.
18. Limitations of Standard Costing.
19. From the following calculate:

    Material Cost Variance

    Material Price Variance

    Material Usage Variance

    Standard Quantity - 500 units

    Actual Quantity - 520 units

    Standard Price - ₹ 5 per unit

    Actual Price - ₹ 5.50 per unit

20. Calendar Variance and its calculation.

***** End of question *****