2020/TDC(CBCS)/ODD/SEM/
COMDSE-501T (A)/349

TDC (CBCS) Odd Semester Exam., 2020
held in March, 2021

COMMERCE

(5th Semester)

Course No. : COMDSE-501T (A)

(Management Accounting)

Full Marks : 70
Pass Marks : 28

Time : 3 hours

The figures in the margin indicate full marks for the questions

SECTION—A

Fill in the blanks/Choose the correct option/Answer any *twenty* of the following : 1×20=20

1. Management Accounting assists the management in _____.

2. Management Accounting and Cost Accounting are synonymous.

(a) True

(b) False

3. The approach of Management Accounting is

   (a) historical

   (b) futuristic

4. Management Accounting deals with what type of information?

   (a) Qualitative

   (b) Quantitative

   (c) Both *(a)* and *(b)*

5. Management Accounting does not need Financial Accounting and Cost Accounting as its base for installation.

   (a) True

   (b) False

6. The use of Management Accounting in business is

   (a) optional

   (b) compulsory

7. Responsibility accounting is a controlling tool for _____ level management.

   (a) top

   (b) middle

   (c) lower

8. What do you mean by Cost Accounting?

9. Budgetary control is a system of controlling

   (a) costs

   (b) profit

10. Sales budget and production budget are types of _____ budget.

11. A budget is prepared for an indefinite period.

    (a) True

    (b) False

12. Budgets deal with _____ type of information.

    (a) qualitative

    (b) quantitative

13. What is meant by budget?

14. What do you mean by semi-variable overheads?

15. Define cash budget.

16. Differentiate between fixed budget and flexible budget.

17. Labour rate variance = _____.

18. The technique of standard costing is applicable in case of _____ concern.

(a) small

(b) big

19. A favourable variance will arise when capital revenues are _____ than expected.

20. Define standard cost.

21. What are the divisions of material variances?

22. What do you mean by labour idle time variance?

23. What do you mean by volume variance?

24. Explain the meaning of standard hour.

25. What is P/V ratio?

26. In marginal costing, managerial decisions are guided by contribution margin than by profit.

(a) True

(b) False

27. Technique of marginal costing is based on classification of costs into _____ costs.

28. Period cost means

(a) fixed cost

(b) variable cost

(c) prime cost

29. Define the term 'margin of safety'.

30. What do you mean by break-even point of sales?

31. If fixed cost is ₹ 10,000 and profit volume ratio is 50%, then the break-even point is _____.

32. Find the profit volume ratio :

Period	*Sales* (₹)	*Profit* (₹)
I	1,20,000	9,000
II	1,40,000	13,000

33. Contribution = _____.

34. Sales pricing decisions do not consider _____ of competitors' product.

(a) costs

(b) sale price

35. Contribution and incremental revenue are same.

(a) True

(b) False

36. Define the terms relevant costs and irrelevant costs.

37. What do you mean by replacement cost?

38. What do you mean by opportunity cost?

39. What do you mean by product-mix decision?

40. Define the term national or imputed cost.

SECTION—B

Answer any *five* of the following questions : 2×5=10

41. Differentiate between Cost control and Cost reduction.

42. Discuss few limitations of Management Accounting.

43. What do you mean by zero-base budgeting?

44. Write any two advantages of budgetary control.

45. What do you mean by management by exception?

46. Given that the standard costs for materials consumption are 40 kg at ₹ 10 per kg. Compute the variances when actuals are 48 kg at ₹ 12 per kg.

47. State a few objectives of cost-volume-profit analysis.

48. A company has earned a contribution of ₹ 2,00,000 and net profit of ₹ 1,50,000 on sales of ₹ 8,00,000. What is the margin of safety?

49. Discuss any two methods of pricing.

50. What is meant by make or buy decision? Mention any one factor influencing make or buy decision.

SECTION—C

Answer *any* **five** questions

51. Differentiate between Cost Accounting and Management Accounting. 8

52. Discuss in brief any two techniques used in Management Accounting. 4+4=8

53. What do you mean by Budgetary Control? State the main objectives of budgetary control. 2+6=8

54. A company working at 50% capacity manufactures 10000 units of a product. At 50% capacity, the product cost is ₹ 180 and sale price is ₹ 200. The break-up of the cost is as below :

	Cost per unit (₹)
Material	100
Wages	30
Factory overheads	30 (40% fixed)
Administrative overheads	20 (50% fixed)

At 60% working, material cost goes up by 2% and sale price falls by 2%. At 80% working, material cost increases by 5% and the sale price decreases by 5%. Prepare a flexible budget at 60% and 80% capacity showing profitability. 8

55. Discuss the advantages and disadvantages of standard costing. 4+4=8

56. Following information is available from the cost records of *XYZ* Ltd. for the month of March, 2020 :

	₹
Materials purchased 20000 units	88,000
Materials consumed 19000 units	
Actual wages paid for 4950 hr	24,750
Units produced 1800 units	

Standard rates and pieces are as follows :

Direct material rate is ₹ 4 per unit

Standard input is 10 nos. for one unit

Direct labour rate is ₹ 4 per hour

Standard requirement is 2·5 hr per unit

You are required to compute all materials and labour variances for the month of March, 2020. 8

57. Discuss some important advantages and limitations of marginal costing. 5+3=8

58. Prepare an income statement using marginal costing method of *XYZ* Ltd. : 8

Production	100000 units
Sales	80000 units
Selling price/unit	₹ 15
Direct materials	₹ 2,50,000
Direct labour	₹ 3,00,000
Factory overheads :	
Variable	₹ 1,00,000
Fixed	₹ 2,50,000
Selling and distribution overheads :	
Variable	₹ 1,00,000
Fixed	₹ 2,00,000

59. Discuss some important areas where marginal costing technique can be used for decision making. 8

60. Furniture Inn manufactures mini stools. Recently a supplier has offered the stools of the same quality @ ₹ 140 each with an assurance of continued supply.

The following is the budget for 4000 units. Prepared for the year ending 31st March, 2020 :

	₹
Raw material cost	2,00,000
Direct wages	1,80,000
Production overheads :	
Variable	1,20,000
Fixed	1,40,000
Distribution costs :	
Variable	60,000
Fixed	75,000
Administrative costs :	
Variable	50,000
Fixed	1,25,000

You are required to find the following : 5+3=8

(a) Should Furniture Inn accept the offer from the supplier?

(b) What would be the decision if the supplier offered the tables at ₹ 120 each?

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