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3 TDC (Special) MGMNT ACC (S)

2016

(July)

MANAGEMENT ACCOUNTING

(Speciality)

Full Marks : 70

Pass Marks : 28

Time : Three hours

The figures in the margin indicate full marks for the questions.

- (a) "Management Accounting is the presentation of accounting information in such a way as to assist management in the creation of policy and in the day-to-day operation of the undertaking." Elucidate this statement. 14

Or

- (b) Describe the role of Management Accounting in modern business world. How does it differ from Cost Accounting? 7+7=14

Contd.

(a) From the following data, calculate :

- Break-even point expressed in amount of sales in rupees
- New break-even point if selling price is reduced by 20%
- How many units must be sold to earn a net income of 10% on sales

	Rs
Selling Price (per unit)	20
Variable Cost (per unit)	12
Fixed Cost	2,40,000
	2+3+3=8

- (b) An automobile manufacturing company finds that while the cost of making in its own workshop Part No. 0024 is Rs 6.00 each, the same is available in market at Rs 5.60 with an assurance of continuous supply.

Write a report to the Managing Director giving your views whether to make or buy this part. Give also your views in case the suppliers reduce the price from Rs 5.60 to Rs 4.60. The cost data is as follows :

3+3=6

	Rs.
Materials	2.00
Direct labour	2.50
Other variable cost	0.50
Depreciation and other fixed cost	1.00
	<u>6.00</u>

Or

"Marginal costs are primarily used in guiding decisions yet to be made." Explain the statement giving examples.

14

- (a) XYZ Ltd. have prepared the budget for the production of 60000 units of the only commodity manufactured by them for the costing period as under :

	Rs (in lakh)
Raw material	2.52
Direct labour	0.75
Direct expenses	0.10
Works overhead (60% fixed)	2.25
Administrative overhead (80% fixed)	0.40
Selling overhead (50% fixed)	0.20

Contd.

The actual production during the period was only 40000 units. Calculate revised budgeted cost per unit.

Or

(b) What do you mean by Cash Budget? What are its advantages? How is it prepared?

4. The following information was obtained from the record of a manufacturing unit using standard costing system :

Actual overhead—Rs 1,800

Budgeted overhead—Rs 2,000

Budgeted period—4000 labour hours

Standard per unit—10 labour hours

Budgeted number of days—20

Standard overhead per hour—Re 0.50

Actual number of days—22

Actual hours—4300

Actual production—425 units

Calculate—

- expenditure variance;
- calendar variance;
- capacity variance;
- efficiency variance;
- volume variance.

2+3+3+3+3

Or

What do you understand by the term 'Variance' and 'Variance Analysis'? Explain the importance of Variance Analysis.

2+4+8=14

Following are the summarised Balance Sheets of AMCO as on 31st December, 2008 and 2009 :

Liabilities	2008 Rs.	2009 Rs.	Assets	2008 Rs.	2009 Rs.
Share Capital	2,00,000	2,50,000	Land & Building	2,00,000	1,90,000
General Reserve	50,000	60,000	Machinery	1,50,000	1,69,000
Profit & Loss A/c	30,500	30,600	Stock	1,00,000	74,000
Bank Loan (long-term)	70,000	—	Debtors	80,000	64,200
Sundry creditors	1,50,000	1,35,200	Cash	500	600
Provision for taxation	30,000	35,000	Bank	—	8,000
	<u>5,30,500</u>	<u>5,10,800</u>	Goodwill	—	5,000
				<u>5,30,500</u>	<u>5,10,800</u>

Additional Information :

- Dividend of Rs 23,000 was paid
 - Assets of another company were purchased for a consideration of Rs 50,000 payable in shares
- The following assets were purchased :
- Stock—Rs 20,000
- Machinery—Rs 25,000

- (iii) Machinery was further purchased Rs 8,000
 - (iv) Depreciation written off on machine Rs 12,000
 - (v) Income Tax provided during the Rs 33,000
 - (vi) Loss on sale of machine Rs 200 written off to General Reserve
- Prepare a Cash Flow Statement the above.

Or

What is the purpose of preparing Cash Flow Statement? How is it prepared?

4+10