PG Odd Semester (CBCS) Exam., December—2016

COMMERCE

(3rd Semester)

Course No. : COMCC–305

(Management Accounting)

Full Marks : 70
Pass Marks : 28

Time : 3 hours

The figures in the margin indicate full marks for the questions

Answer **five** questions, taking **one** from each Unit

UNIT—I

1. Define management accounting. Explain the objectives of management accounting. Explain briefly any two tools and techniques used in management accounting. 3+2+9=14

2. "Management accounting is an extension of managerial aspects of financial accounting and cost accounting." Elucidate. Discuss the use of management accounting as a tool in decision making and exercising control. 7+7=14

UNIT—II

3. Write notes on the following : 14

(a) Performance budgeting

(b) Zero-base budgeting

4. Define and explain responsibility accounting. What are the prerequisites for introducing responsibility accounting in a company? Also explain the various cost centres in this regard. 3+3+8=14

UNIT—III

5. The following are obtained from the records of a factory :

	₹
Sales (4000 @ ₹ 25 each)	1,00,000
Variable cost	72,000
Fixed expenses	16,800

Calculate *(a)* P/V ratio, *(b)* break-even points in ₹, *(c)* margin of safety. It is proposed to reduce the selling price by 20%. What extra units should be sold to obtain the same amount of profit? 14

6. Auto Parts Ltd. has an annual production of 90000 units for a motor component. The component's cost structure is as below :

	Per Unit ₹
Materials	270
Labour (25% fixed)	180
Expenses :	
Variable	90
Fixed	135
	675

(a) The purchase manager has an offer from a supplies who is willing to supply the component at ₹ 540. Should the component be purchased and production stopped?

(b) Assume the resources now used for this component's manufacture are to be used to produce another new product for which the selling price is ₹ 485. In the latter case, material price will be ₹ 200 per unit. 90000 units of this product can be produced at the same cost basis as above for labour and expenses. Discuss whether it would be adviseable to divert the resources to manufacture that new product, on the footing that the component presently being produced would, instead of being produced, be purchased from the market. 14

UNIT—IV

7. Discuss how standard costing serves the managerial functions of planning and control. Mention the limitations of standard costing. 10+4=14

8. The standard materials cost to produce a tonne of chemical *X* is :

300 kg of materials *A* @ ₹ 10 per kg

400 kg of materials *B* @ ₹ 5 per kg

500 kg of materials *C* @ ₹ 6 per kg

During a period, 100 tonnes of mixture *X* was produced from the usage of :

35 tonnes of material *A* at a cost of ₹ 9,000 per tonne

42 tonnes of material *B* at a cost of ₹ 6,000 per tonne

53 tonnes of material *C* at a cost of ₹ 7,000 per tonne

You are required to calculate—

(a) materials cost variance;

(b) materials price variance;

(c) materials usage variance;

(d) materials mix variance;

(e) materials yield variance. 14

UNIT—V

9. What is meant by activity-based costing? Discuss the advantages of activity-based costing over the traditional methods of costing regarding cost control and cost reduction. 4+10=14

10. Write short notes on any *two* of the following : 7×2=14

(a) Value Chain Analysis

(b) Financial Forecasting

(c) Balance Score Card

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