

END TERM EXAMINATION

FOURTH SEMESTER [BCOM(HONS)] JUNE 2024

Paper Code: BCOM-202

Subject: Management Accounting

Time: 3 Hours

Maximum Marks: 75

Note: Attempt all questions as directed. Internal choice is indicated.

- Q1 Attempt **any Five** of the following questions: (5x5=25)
- (a) Define operating activities as per cash flow statement.
 - (b) Which ratios are used for short term and long-term solvency of a firm?
 - (c) Distinguish between absorption costing and marginal costing.
 - (d) What are the assumptions of break-even point analysis?
 - (e) State the important features of zero-based budgeting.
 - (f) What are common size statements?

Q2 Define management accounting. Explain, how it differs from financial accounting. Discuss the importance of management accounting for managerial decision making. (12.5)

OR

Q3 What do you understand by funds flow statements? How are they prepared? What are their uses? (12.5)

Q4 The expenses for budgeted production of 10,000 units in a factory are furnished below: (12.5)

	Per Unit (Rs.)
Materials-----	70
Labour-----	25
Variable overhead -----	20
Fixed Overhead (Rs.1,00,000)-----	10
Variable Expenses (Direct)-----	5
Selling Expenses (10% fixed)-----	13
Distribution Expenses (20% fixed)-----	7
Administration expenses (Rs. 50,000)-----	<u>5</u>
Total Cost per unit (to make and sell)	<u>155</u>

Prepare a budget for production of:

- (a) 8,000 units
- (b) 6,000 units and
- (c) Indicate cost per unit at both the levels.

Assume that administration expenses are fixed for all levels of production.

OR

Q5 Calculate the labour variances from the following information: (12.5)

Standard Wages:

Grade X: 90 Labourers at Rs. 2 per hour.

Grade Y: 60 Labourers at Rs 3 per hour.

Actual Wages:

Grade X: 80 Labourers Rs. 2.50 per hour.

Grade Y: 70 Labourers at Rs. 2.00 per hour.

Budgeted Hours 1,000; Actual Hours 900.

Budgeted Gross Production 5,000 units; Standard Loss 20%; Actual loss 900 units.

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Q6 A factory manufacturing sewing machines has the capacity to produce 500 machines per annum. The marginal (variable) cost of each machine is Rs. 200 and each machine is sold for Rs. 250. Fixed overheads are Rs. 12,000 per annum. Calculate the break- even points for output and sales and show what profit will result if output is 90% of capacity?(12.5)

OR

Q7 "Cost-Volume-Profit" relationship provides the management with a simplified framework for an organization which is thinking on a number of its problems. Discuss. (12.5)

Q8 Cost benefit analysis is needed for resolving many managerial problems. List the various items of cost and benefit that will quantify in respect of managerial decisions concerning (12.5)

- (a) Change versus status quo
- (b) Retain or replace
- (c) Shut down or continue

OR

Q9 A radio manufacturing company finds that while it costs Rs. 6.25 each to make component X 273 Q, the same is available in the market at Rs. 5.75 each, with an assurance of continued supply. The breakdown of costs is: (12.5)

Materials -----	Rs. 2.75 each
Labour-----	Rs. 1.75 each
Other variable costs-----	Rs. 0.50 each
Depreciation and other fixed cost--	<u>Rs. 1.25 each</u>
	<u>Rs. 6.25 each</u>

- (a) Should you make or buy?
- (b) What would be your decision if the supplier offered the component at Rs. 4.85 each?

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