Roll No ....

Department of Management
School of Management & Business Studies
JAMIA HAMDARD

B. Com. Semester IV Examination 2022

Subject Name: Management Accounting
Subject Code: BCH406

MM: 75
Time: 03Hours

Section A

Attempt any six questions; each question carries 5 marks (6 X 5 = 30)

Q1: Discuss the use of Management accounting as a tool in decision making and exercising control.

Q2: Explain Zero Base Budgeting and highlight its advantages over functional budgeting.

Q3: "A firm can avoid standard costing but of course at its own peril." Discuss.

Q4: A study of a company's operations revealed that the introduction of standard cost system was most desirable for achieving the objectives of modern management. Explain

Q5: Calculate Direct Labour Cost Variance with the given information:

Standard output	200 units
Standard time per unit	2 hours
Standard rate per hour	Rs 3
Actual output	80 units
Total actual time taken	150 hours
Actual rate per hour	Rs 3.5

Q6: Explain the importance of break even analysis in decision making in a business organization.

Q7: What do you mean by flexible budget? How is it different from fixed budget? Explain

Q8: If the total sales is Rs 150000, variable costs is Rs 75000 and fixed costs is Rs 50000, calculate the margin of safety?

Q9: What are relevant costs? Explain the characteristics of such costs.

Section B

Attempt any three questions; each question carries 15 marks (15 X 3 = 45)

Q1: Essex Ltd manufactures products C & G. During January, it expects to sell 5000 kg of C and 20000 kg of G at Rs 20 and 10 respectively. Direct Materials A, B and E are mixed in equal proportion to produce product C. Materials D, B and E are mixed in equal proportion to produce product G. There is no loss of weight in production.

Actual and budgeted inventories in quantity and costs for the month are as follows:

	Opening Inventory (Kg)	Desired closing inventory (Kg)	Anticipated Cost (Per Kg in Rs)
Material A	1500	1000	5.5
Material B	1000	2000	5
Material D	10000	3000	1
Material E	5000	6000	3.5
Product C	1000	500	-
Product G	5000	6000	-

Prepare the production budget and materials purchase budget.

Q2: From the following particulars, find the (i) Material Cost Variance (ii) Material Usage Variance and (iii) Material Price Variance

Quantity of Material purchased	3000 units
Value of material purchased	Rs 9000
Standard quantity of material required per tonne of finished product	25 units
Standard rate of material	Rs 2 per unit
Opening stock of material	Nil
Closing stock of material	500 units
Finished product during the period	80 tonnes

Q3: The cost information computed by the cost accountant is as follows:

Sales	100000 units
Selling price	Rs 10 per unit
Variable cost	Rs 6 per unit
Fixed cost	Rs 60000 per annum

Compute the following

i) Break even point in units and value

ii) Sales to make a profit of Rs 40,000

iii) Sales to make a profit of Rs 2 per unit

iv) Sales to make a profit of 30% on sales

Q4: "The proper treatment of fixed costs presents a problem in full cost pricing." Explain the above statement with suitable illustration. Can this problem be solved through marginal costing? Discuss.

Q5: A radio manufacturing company finds that while it costs Rs 6.25 each to make component X, the same is available in the market at Rs 5.75 each, with an assurance of continued supply. The breakdown of costs is:

Materials	Rs 2.75 each
Labour	Rs 1.75 each
Other Variable costs	Rs 0.5 each
Depreciation and other fixed cost	Rs 1.25 each

a) Should the company make or buy? Suggest

b) What would be the decision if the supplier offered the component at Rs 4.85 each?

c) How important is the make or buy decision in any organisation?

Q6: Explain responsibility accounting. Why is it becoming increasingly popular? What are the pre-requisites for a responsibility accounting system? Discuss