Jamia Hamdard
School of Management and Business Studies
Department of Management **Roll No...**
Even Semester Examination - August 2023
B.Com(Hons)-IV- Semester
Management Accounting ; BCH406

Duration: 3 Hour Max.Marks -75

Section A - Short Answer (5X6=30)

Note: Attempt any Six Questions, All questions carry equal marks

Q1: What are relevant costs and irrelevant costs? Explain with a suitable example.

Q2: Calculate the P/V ratio, fixed expenses and break-even point from the following data:
Sales: Rs 600000; Profit: Rs 40000 and Margin of Safety: Rs 160000

Q3: Explain Performance budgeting and what are its requisites?

Q4: What are the various circumstances under which material price and material usage variance are likely to arise?

Q5: With the help of the following information, calculate direct material cost variance.

Standard Output	=	600 units
Actual output	=	500 units
Std Qty per unit	=	1 kg
Total actual quantity used	=	600 kg
Actual rate per unit	=	Rs 15/kg
Std rate per unit	=	Rs 14/kg

Q6: "Management Accounting is an extension of Financial Accounting." Discuss.

Q7: Define Standard costing. Explain the importance of standard costing in effective budgetary control.

Q8: Explain the importance of break-even analysis in an organization.

Q9: How do we install budgetary control system in an organization?

Section B-Long Answer *(15X3=45)*

Note: Attempt any Three Questions; All questions carry equal marks

Q1: A company produces a single product and sells it at Rs 10 per unit. Variable cost is Rs 6 per unit and fixed cost is Rs 40000 per annum. Calculate the following:

a) Break-even point
b) Sales volume required to earn a profit of Rs 60000 per annum

Q2: Prepare a cash budget for the months of May, June and July on the basis of the following information

(a) Income and Expenditure Forecasts

Months	Credit Sales (Rs)	Credit Purchases (Rs)	Wages	Manufacturing Expenses	Office Expenses	Selling Expenses
March	60000	36000	9000	4000	2000	4000
April	62000	38000	8000	3000	1500	5000
May	64000	33000	10000	4500	2500	4500
June	58000	35000	8500	3500	2000	3500
July	56000	39000	9500	4000	1000	4500
August	60000	34000	8000	3000	1500	4500

(b) Cash balance as on 1st May, 1998 is Rs 8000.

(c) Plant costing Rs 16000 is due for delivery in July, payable 10% on delivery and the balance after 3 months.

(d) Advance tax of Rs 8000 each is payable in March and June.

(e) Period of credit allowed by suppliers is two months and to customers is one month.

(f) Lag in payment of manufacturing expenses – ½ month

(g) Lag in payment of office and selling expenses – 1 month

Q3: Discuss the concept of Zero Base Budgeting and highlight its advantages over functional budgeting.

Q4: A company annually manufactures 10000 units of a product at a cost of Rs 4 per unit and there is home market for consuming the entire volume of production at the sale price of Rs 4.25 per unit. In the year 2017, there is fall in demand for home market which can consume 10000 @ Rs 3.72/unit. The analysis of cost of 10000 units is:

Materials	15000
Wages	11000
Fixed overheads	8000
Variable overheads	6000

The foreign market is explored and it is found that 20000 units can be sold at 3.55 per unit. It is also discovered that for additional 10000 units of the product (over initial 10000 units), fixed costs will increase by 10%. Is it worthwhile to try to capture the foreign market?

Q5: Calculate Usage variance from the following data:

Standard:

Material A: 60 units @ Rs 5 per unit

Material B: 40 units @ Rs 10 per unit

Actual:

Material A: 80 units @Rs 4 per unit

Material B: 40 units @ Rs 12 per unit

Q6: How does Marginal costing differ from Absorption costing? Explain with suitable illustration.