H **Roll No. ....**

BCH–504(F1)

B. COM. (H) (FIFTH SEMESTER)

END SEMESTER

EXAMINATION, Jan., 2023

MANAGEMENT ACCOUNTING

Time : Three Hours

Maximum Marks : 100

Note : (i) All questions are compulsory.

(ii) Answer any *two* sub-questions among (a), (b) and (c) in each main question.

(iii) Total marks in each main question are twenty.

(iv) Each sub-question carries 10 marks.

1. (a) Define Management Accounting. Discuss the utility of management accounting. (CO1)

(b) **Trading and P/L A/c**

Particulars	₹
Opening Stock	76,250
Purchase	3,15,250
Carriage	2,000
Wages	5,000
Gross Profit	2,00,000
	5,98,500
Sales	5,00,000
Closing Stock	98,500
	5,98,500
Administrative Exp.	1,00,000
Selling and Dist. Exp.	13,000
Finance Exp.	7,000
Other Non-Operating Exp.	2,000
Net Profit	84,000
	2,06,000
Gross Profit transferred to P/L a/c	2,00,000
Non-operating income	6,000
	2,06,000

Calculate : (CO1)

(i) Gross Profit ratio

(ii) Net profit ratio

(iii) Operating ratio

(iv) Stock Turnover ratio

(c) Differentiate between Financial Accounting and Management Accounting. (CO1)

2. (a) A company is expecting to have ₹ 25,000 cash in hand on 1st April, 2021 and it requires you to prepare cash budget for the three months, April to June 2021. The following information is supplied to you : (CO5)

Month	Sales (₹)	Purchase (₹)	Wages (₹)	Expenses (₹)
February	70,000	40,000	8,000	6,000
March	80,000	50,000	8,000	7,000
April	92,000	52,000	9,000	7,000
May	1,00,000	60,000	10,000	8,000
June	1,20,000	55,000	12,000	9,000

Additional information :

(i) Period of credit allowed by suppliers is 2 months.

(ii) 25% of sale is for cash and the period of credit allowed to customers for credit sale is one month.

(iii) Delay in payment of wages and expenses one month.

(iv) Income tax ₹ 25,000 is to be paid in June, 2021.

(b) Budgetary controls means worrying before work rather than after. Its key notes are planning, co-ordination and control. Explain this statement. (CO2)

(c) Explain Fixed Budget and Flexible budget. (CO2)

3. (a) Explain the different types of direct material cost variance with suitable examples. (CO2, CO3)

(b) Calculate cash flow from Operating activities from the following information : (CO2, CO3)

	2019 (₹)	2020 (₹)
B/R	20,000	25,000
Debtors	1,00,000	80,000
Outstanding expenses	1,600	2,000
Creditors	50,000	40,000
Accrued income	12,000	14,000
B/P	80,000	50,000
P/L A/c	1,00,000	3,60,000

(c) Explain the following : (CO2, CO3)

(i) Performance Budget

(ii) Zero Based Budget

4. (a) Discuss the following : (CO4, CO3)

(i) Break-even point

(ii) P/V ratio

(iii) Angle of Incidence

(iv) Margin of Safety

(b) The following data is given : (CO4, CO3)

	₹
Selling Price	20 per unit
Variable Manufacturing Cost	11 per unit
Variable selling cost	3 per unit
Fixed Factory Overheads	5,40,000 per year
Fixed Selling costs	2,52,000 per year

You are required to compute :

(i) Break-even point expressed in amount of sales in rupee.

(ii) Number of units that must be sold to earn a profit of ₹ 60,000 per year.

(c) Explain Break-even analysis with the help of graphic presentation and also discuss some of its important uses. (CO4, CO3)

5. (a) Budgeted hours 10000 hrs

Budgeted output 5000 units

Budgeted overheads (₹ 5,000) :

Fixed ₹ 3,000

Variable ₹ 2,000

Actual Overheads (₹ 6,000) :

Fixed ₹ 3,000

Variable ₹ 3,000

Actual Output 4000 units

Actual Hours 12000 hrs

Calculate :

(i) Overhead Cost Variance

(ii) Variable Overhead Cost Variance

(b) Explain the principle underlying : (CO4, CO5)

(i) Shut down or continue

(ii) Make or Buy

(c) Differentiate between Variable costing and Absorption costing. (CO4, CO5)

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