Management Accounting Question Paper 2021 (CBCS Pattern
(Held in January/February, 2022)
Paper: DSE-501 (Group-I)
(Accounting and Finance)

Full Marks: 80

Pass Marks: 32

Time: 3 hours.

The figures in the margin indicate full marks for the questions

1. (a) Write True or False: 1x4=4

(1) Management accounting is concerned with accounting information that is useful to the management.

(2) Cash flow statement is useful for short-term financial analysis.

(3) Managerial Cost = Total Cost – Variable Cost.

(4) Budgetary control is a system of controlling cost.

(b) Fill in the blanks: 1x4=4

(1) ________ decisions limit the usefulness of management accounting.

(2) Income tax refund is an ________ of cash.

(3) Fixed cost per unit ________ when volume of production increases.

(4) Flexible budget is a ________ budget.

2. Write short notes on any four of the following: 4x4=16

(a) Limitations of management accounting.

(b) Funds from operation.

(c) Profit-volume ratio.

(d) Differential cost.

(e) Zero-based budgeting.

3. (a) "Management accounting is nothing more than the use of financial information for management purposes." Explain this statement and clearly distinguish between Financial Accounting and Management Accounting. 6+8=14

Or

(b) Discuss, in detail, the functions of management accounting. 14

4. (a) From the following Balance Sheets of X Ltd. Co. for the years 2019-20 and 2020-21, make out –

(1) schedule of changes in the working capital;

(2) statement of sources and application of fund: 7+7=14

Capital and Liabilities	31-03-2020 Rs.	31-03-2021 Rs.
Equity Share Capital	3,00,000	4,00,000
8% Redeemable Preference Share	1,50,000	1,00,000
Capital Reserve	-	20,000
General Reserve	40,000	50,000
Profit and Loss A/c	30,000	48,000
Proposed Dividends	42,000	50,000
Sundry Creditors	25,000	47,000
Bills Payable	20,000	16,000
Expenses Due	30,000	36,000
Provision for Taxation	40,000	50,000
	6,77,000	8,17,000
Assets	31-03-2020 Rs.	31-03-2021 Rs.
Goodwill	1,00,000	80,000
Plant	80,000	2,00,000
Land	2,00,000	1,70,000
Investment	20,000	30,000

Sundry Debtors	1,40,000	1,70,000
Stock-in-Trade	77,000	1,09,000
Bills Receivable	20,000	30,000
Cash in Hand	15,000	10,000
Cash at Bank	10,000	8,000
Preliminary Expenses	15,000	10,000
	6,77,000	8,17,000

Additional Information:

(1) A machine has been sold for Rs. 10,000. The written-down value of the machine was Rs. 12,000. Depreciation of Rs. 10,000 is charged on plant in 2020-21.

(2) A piece of land has been sold out in 2020-21 and profit on sale has been credited to capital reserve.

(3) The investment in trade investment Rs. 3,000 is received by way of dividends including Rs. 1,000 from pre-acquisition which have been credited to Investment A/c.

(4) An interim dividend of Rs. 20,000 has been paid in 2020-21.

Or

(b) What is cash flow statement? How is it prepared? Distinguish between a Cash Flow Statement and a Cashbook. 3+7+4=14

5. (a) From the following data, calculate –

(1) profit-volume ratio;

(2) fixed cost;

(3) sales at break-even point;

(4) sales required to earn a profit of Rs. 20,000: 3+3+4+4=14

	Sales (Rs.)	Profit (Rs.)
Period – I	1,00,000	15,000
Period – II	1,20,000	23,000

Or

(b) What do you mean by marginal costing? Discuss its usefulness and limitations. 2+7+5=14

6. (a) A manufacturing company manufactures two Products X and Y. An estimate of the number of units expected to be sold in the first seven months of 2020 is given below:

Months	Product – X (Units)	Product – Y (Units)
January	500	1,400
February	600	1,400
March	800	1,200
April	1,000	1,000
May	1,200	800
June	1,200	800
July	1,000	900

It is anticipated that –

(1) There will be no work-in-progress at the end of month.

(2) Finished units equal to half of the anticipated sales for the next month will be in stock at the end of each month (including December 2019).

The budgeted production and production cost for the year ending 31st December, 2020 are as follows:

	Product – X	Product – Y
Production	11,000 units	12,000 units
Direct Material	Rs. 12 per unit	Rs. 19 per unit
Direct Wages	Rs. 5 per unit	Rs. 7 per unit
Other Manufacturing Expenses (apportion able to each type of product)	Rs. 33,000	Rs. 48,000

You are required to prepare –

(1) a product budget showing number of unit to be manufactured each month;

(2) a summarized production cost budget for six months period from January to June 2020. 8+6=14

Or

(b) Define the term 'budget' and 'budgetary control'. Explain in detail the classification of budgets according to –

(1) time;

(2) functions;

(3) flexibility. $2\frac{1}{2}+2\frac{1}{2}+9=14$

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