Management Accounting

Time Allowed : 3 Hours | *Maximum Marks :*
Regular : 80
Re-appear : 90

Note : ***Question No. 1 is compulsory.*** Attempt five questions in all, All questions carry equal marks.

Compulsory Question

1. (a) Explain the limitations of management accounting.

   (b) What are the objectives of balanced score card ?

   (c) Define cost sheet.

   (d) Discuss the nature of budgetary control.

   (e) What is target costing ?

   (f) Explain the objectives of uniform costing.

   (g) Distinguish between standard costing and budgetary control.

   (h) List out the different methods of costing.

2. "Management accounting is concerned with accounting information that is useful to management." Explain.

3. What are the benefits that may be expected from the installation of a costing system in a manufacturing business ? Discuss.

4. Explain and illustrate the accounting ratios to judge the liquidity position of a business.

5. Outline the primary objects of standard costing. Describe briefly its uses under each of the following heads :

   (a) As a guide in fixing selling prices.

   (b) As a measuring rod of performance.

   (c) As a basis of inventory valuation.

6. Do you agree that activity-based costing is a more refined system of charging of overhead cost to products than the traditional method ? Explain.

7. The following data relate to a manufacturing company :

   Plant capacity : 4,00,000 units per annum

   Present utilisation: 40%

   Actual for the year 1982 were :

Selling Price	Rs. 50 per unit
Materials Cost	Rs. 20 per unit
Variable Manufacturing Costs	Rs. 15 per unit
Fixed Costs	Rs. 37 lakhs

   In order to improve capacity utilisation the following proposals are considered :

   Reduce Selling price by 10%.

   Spend additionally Rs. 3 lakhs on Sales Promotion.

   How many units should be made and sold in order to earn a profit of Rs. 5 lakhs per year ?

8. The following data relate to a manufacturing company for the year 2002 :

(Fixed Expenses)	Rs.
Wages and Salaries	16,00,000
Depreciation	6,60,000
Sundry Administrative Expenses	7,40,000
(Semi-variable Expenses) (at 50% capacity)	
Maintenance and Repairs	6,30,000
Indirect Labour	7,90,000
Sales Department Salary	3,80,000
(Variable Expenses) (at 50% capacity)	
Materials	21,70,000
Other Expenses	7,90,000

Semi-variable Expenses remain constant between 45% and 65% of capacity, increasing by 10% between 65% and 80% capacity and by 20% between 80% and 100% capacity. If sales at 50% capacity level were Rs. 1,00,00,000, prepare a flexible budget for the yera 2002-03 and forecast the profits at 75% and 90% capacity utilisation level.