



Name :

Roll No. :

Invigilator's Signature :

CS / MCA / SEM-3 / MBA(MCA)-302 / 2009-10

2009

MANAGEMENT ACCOUNTING

Time Allotted : 3 Hours

Full Marks : 70

The figures in the margin indicate full marks.

Candidates are required to give their answers in their own words as far as practicable.

GROUP – A
(Multiple Choice Type Questions)

1. Choose the correct alternatives for any *ten* of the following :
10 × 1 = 10
- i) The current ratio refers to
 - a) liquid assets / liquid liabilities
 - b) current assets / current liabilities
 - c) cost of goods sold / average inventories
 - d) quick assets / current liabilities.
 - ii) Working capital is also referred to as
 - a) revolving capital
 - b) circulating capital
 - c) both (a) and (b)
 - d) capital in the form of private equity.



- iii) A withdrawal of goods from business by the proprietor should be credited to
- a) Drawing account
 - b) Purchase account
 - c) Capital account
 - d) Cash account.
- iv) Bad debt is a
- a) Personal account
 - b) Real account
 - c) Nominal account
 - d) Fictitious account.
- v) When a change is made in the level of production in the resulting change in the total cost is known as
- a) imputed cost b) opportunity cost
 - c) out of pocket cost d) differential cost.
- vi) Fixed cost per unit increases when
- a) variable cost per unit increase
 - b) variable cost per unit decrease
 - c) production value increase
 - d) production volume increase.



- vii) At shut down point
- a) total sales = variable cost
 - b) total sales = total cost
 - c) total sales = fixed cost
 - d) fixed cost = variable cost.
- viii) Efficiency of operation of a firm is high when inventory turnover ratio is
- a) high
 - b) low
 - c) constant
 - d) fluctuates in high seasons.
- ix) In P-V analysis if fixed costs are increased then BEP (sales value) will
- a) increase
 - b) decrease
 - c) remains the same
 - d) increase at first and will be constant later.
- x) In a balance sheet Share Premium account is an element of
- a) asset
 - b) liability
 - c) sales
 - d) revenue stated in profit and loss a/c.

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- xi) When it is assumed that business will continue for a fairly long time to come, is the concept of
- separate entity concept
 - going concern concept
 - money measure concept
 - cost concept.
- xii) Goods purchase on credit from Mr. X amounting to Rs. 1,000 wrongly debited Rs. 100 in Purchase account and credited to Mr. X account by Rs. 100 is a
- error of omission
 - error of commission
 - error of principal
 - error of misposting.

GROUP – B

(Short Answer Type Questions)

Answer any *three* of the following. $3 \times 5 = 15$

- Distinguish between cash book and cash account.
- Define cost reduction and cost control. State the areas of application of both in brief.
- How do you make purchase and sales order in Tally ?
- State the objective of “Management Accounting” in a service industry in one paragraph.
- What do you mean by budgetary control ? Write in bullets the difficulties faced by a budget controller in framing the sales budget.

GROUP – C

(Long Answer Type Questions)

Answer any *three* of the following. $3 \times 15 = 45$

- a) State the difficulties in maintaining the Bin Card and Stores Ledger of a multilocational manufacturing company.



- b) Two components of materials X and Y are required for manufacture as per following details :

Normal usage	70 per week each
Maximum usage	100 per week each
Minimum usage	40 per week each
Reordering quantity :	X 600 units Y 900 units
Reordered period :	X 4 to 6 weeks Y 2 to 4 weeks

Calculate for each components of

- i) Minimum level
 - ii) Maximum level
 - iii) Reordering level
 - iv) Average stock level. 5 + 10
8. The monthly budget for the manufacturing overhead of a concern for two levels of activity were as follows :

	60%	80%
	600	800
	Rs.	Rs.
Indirect wages	1,200	2,000
Consumable stores	900	1,500
Maintenance	1,100	1,500
Power and fuel	1,600	2,000
Depreciation	4,000	4,000
Insurance	1,000	1,000

- a) Which of the following items are fixed and semi-variable and why ?
- b) Prepare a flexible budget for 80% of the activity. 5 + 10

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9. The following details are available about a manufacturing company as at 31st December, 2008. Prepare a Manufacturing Account of the Co.

15

	Rs.
Raw material stock as on 01. 01. 2008	18,000
Work in progress (WIP) on 01. 01. 2008	8,000
Raw material purchased	40,000
Office equipment purchased	21,000
Factory wages	58,000
Carriage outward	7,500
Factory on cost	7,000
Fuel and electricity	12,000
Factory rent	4,000
Foreman's wages	6,000
Salary : Office	4,500
Stock of raw material stock as on 31. 12. 2008	20,000
WIP as on 31. 12. 2008	7,200

10. a) What decisions are taken in a multinational manufacturing company by using the cost-volume-profit analysis ? State with examples.
- b) Is it prudent to increase fixed costs and decrease variable costs ? Logically elucidate your view with examples.
- c) Distinguish between marginal costing and absorption costing.

5 + 5 + 5



11. Write short notes on any *three* of the following : 3 × 5

- a) Cost accumulation
- b) Semi-variable costs
- c) Auditor's Report in an Annual Report of a company
- d) Contingent liability
- e) Defened revenue expenditure.

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