NETAJI SUBHAS OPEN UNIVERSITY

POST-GRADUATE COURSE

Assignment — June, 2020

COMMERCE

Paper - XVII : Management Accounting

QUESTION PAPER CUM ANSWER BOOKLET

(Full Marks : 50) (Weightage of Marks : 20%)

Special credit will be given for precise and correct answer. Marks will be deducted for spelling mistakes, untidiness and illegible handwriting. The figures in the margin indicate full marks.

Name (in Block Letter) : ....

Enrolment No.

Study Centre Name : .... Code : ....

To be filled by the Candidate	Serial No. of question answered													TOTAL
For Evaluator's only	Marks awarded													

Q.P. Code : **PA/5/XVII**

PG-COM.-AP-17093

Signature of Evaluator with Date

NETAJI SUBHAS OPEN UNIVERSITY

POST-GRADUATE COURSE

STUDENT'S COPY

Assignment — June, 2020

COMMERCE

Paper - XVII : Management Accounting

Name (in Block Letter) : ....

Enrolment No.

Study Centre Name : .... Code : ....

Q.P. Code : **PA/5/XVII**

PG-COM.-AP-17093

Received Answer Booklet

Signature with seal by the Study-Centre

জরুরি নির্দেশ / Important Instruction

আগামী শিক্ষাবর্ষান্ত পরীক্ষায় **(T.E. Exam.)** নতুন ব্যবস্থা অর্থাৎ প্রশ্নসহ উত্তর পুস্তিকা **(QPAB)** প্রবর্তন করা হবে। এই নতুন ব্যবস্থার সঙ্গে পরীক্ষার্থীদের অভ্যস্ত করার জন্য বর্তমান অনুশীলন পত্রে নির্দেশ অনুযায়ী প্রতিটি প্রশ্নের উত্তর নির্দিষ্ট স্থানেই দিতে হবে।

New system *i.e.* Question Paper Cum Answer Booklet (QPAB) will be introduced in the coming Term End Examination. To get the candidates acquainted with the new system, assignment answer is to be given in the specified space according to the instructions.

Detail schedule for submission of assignment for the

PG Term End Examination June-2020

1.	Date of Publication	: 20/06/2020
2.	Last date of Submission of answer script by the student to the study centre	: 19/07/2020
3.	Last date of Submission of marks by the examiner to the study centre	: 16/08/2020
4.	Date of evaluated answer scripts distribution by the study centre to the students (Students are advised to check their assignment marks on the evaluated answer scripts and marks lists in the study centre notice board. If there is any mismatch / any other problems of marks obtained and marks in the list, the students should report to their study centre Co-ordinator on spot for correction. The study centre is advised to send the corrected marks, if any, to the COE office within five days. No change / correction of assignment marks will be accepted after the said five days.)	: 23/08/2020
5.	Last date of submission of marks by the study centre to the Department of C.O.E. on or before	: 31/08/2020

এখানে কিছু লিখবেন না

Do Not Write Anything Here

MODULE - I

Answer any *two* questions : $12\frac{1}{2} \times 2 = 25$

1. a) Define management accounting. State the functions and scope of management accounting.

b) Kanoria Chemicals Ltd. has two factories with similar plant and machinery for manufacture of Soda Ash. The Board of Directors of the Company has expressed the desire to merge them and to run them as one integrated unit. The additional fixed cost involved in the merger is estimated at Rs. 5 lakhs. Following data are available in respect of these two factories :

Factory	*X*	*Y*
Capacity in operation	60%	100%
Turnover (Rs.)	120 lakhs	300 (lakhs)
Variable Cost (Rs.)	90 lakhs	220 (lakhs)
Fixed Cost (Rs.)	25 lakhs	35 (lakhs)

Find out :

i) What should be the capacity of the merged factory to be operated for break-even ?

ii) What is the profitability of working at 80% of the integrated capacity ?

iii) What turnover will give an overall profit of Rs. 60 lakhs ? $2\frac{1}{2} + 10$

2. a) Define Standard Costing. State the advantages of Standard Costing.

b) *Y* Ltd. furnished you with the following data :

	Budget	Actual (in a particular month)
Number of working days	25	27
Production in Units	20,000	22,000
Fixed Overhead (Rs.)	30,000	31,000

Budgeted overhead rate is Re. 1 per hour. In a particular month, the actual hours worked were 31,500. Calculate the following variances :

i) Total overhead variance

ii) Expenditure variance

iii) Volume variance

iv) Capacity variance and

v) Calendar variance. $2\frac{1}{2} + 10$

3. a) "In times of trade depression, selling below the total costs but above the marginal costs may increase profit." Discuss.

b) A company produces two products using same materials and labour force involving the costs as given below :

	Product *M* (Rs. per unit)	Product *N* (Rs. per unit)
Raw materials Rs. 10 per kg	30	20
Direct Wages @ Rs. 5 per hour	15	20
Variable overhead	25	30
Fixed Cost (Total) Rs. 30,000		

Product *M* and *N* are sold in the market at Rs. 100 and Rs. 95 per unit respectively.

The company can produce 15,000 units of the products using its production facilities subject to the availability of raw materials and direct labours.

Recommend the most profitable product / sales mixes of the company :

i) If 4,500 kgs of raw materials are available

ii) If 7,500 kgs of direct labour hours are available. $2\frac{1}{2} + 10$

4. a) What is meant by a flexible budget ?

b) ABC Ltd. has prepared the budget for the production of one lakh units of the only commodity manufactured by them for a costing period as :

	(Rs. in lakh)
Raw materials	2·52
Direct labour	0·75
Direct Expenses	0·10
Works Overheads (60% fixed)	2·25
Administrative Overheads (80% fixed)	0·40
Selling overheads (50% fixed)	0·20

The actual production during the period was only 60,000 units. Calculate the revised budgeted cost per unit. $2\frac{1}{2} + 10$

First Answer :

Second Answer :

MODULE - II

Answer any *two* questions : $12\frac{1}{2} \times 2 = 25$

5. a) Critically examine the benefits of *ABC* System as compared to Traditional System.

   b) Find out the machine set-up cost per unit under traditional system and ABC system :

	Product I	*Product II*
Production (Units)	1000	500
Machine hours per unit	3	2
Machine set-up hour (per product line)	20	20

   Budgeted machine set-up related costs : Rs. 18,000

$2\frac{1}{2} + 10$

6. Write short notes on any *two* of the following : $6\frac{1}{4} \times 2$

   a) Responsibility Accounting

   b) Balanced Score card

   c) Transfer pricing.

7. a) State the objectives of sound transfer pricing system. Explain the principle(s) that may be followed for setting a transfer price in general.

   b) What do you mean by 'Return on Investment', 'Residual Income' and 'Economic Value Added' ? Discuss the advantages and limitations of ROI. $6\frac{1}{2} + 6$

8. a) A firm has 20 cars in operation in its transport department. The budget based on 50,000 km of run for a month is Rs. 2,00,000 of which Rs. 50,000 is fixed.

   During the last month, the total kilometers run by all the 20 cars were 45,000 km and the actual costs incurred were Rs. 1,90,000.

   The firm could hire a car @ Rs. 4·25 per km run.

   Evaluate the performance of the transport department on the basis of (a) Cost Centre, (b) Profit Centre.

   b) What is activity based management ? $10 + 2\frac{1}{2}$

First Answer :

Second Answer :