QP Code: 22/PT/9/XVII (Old)

POST-GRADUATE COURSE

Term End Examination — June, 2022/December, 2022

COMMERCE (Old Syllabus)

Paper-XVII : MANAGEMENT ACCOUNTING

(Up to January 2021 Enrolment Session)

Time : 2 hours] [Full Marks : 50

Weightage of Marks : 80%

Special credit will be given for accuracy and relevance in the answer. Marks will be deducted for incorrect spelling, untidy work and illegible handwriting. The weightage for each question has been indicated in the margin.

Use of scientific calculator is strictly prohibited.

Module - I

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

1. (a) Discuss the functions and scope of management accounting.

(b) The following data are obtained from the records of *ABC* Ltd.

	First Year	**Second Year**
Sales	Rs. 80,000	Rs. 90,000
Profit	Rs. 10,000	Rs. 14,000

Calculate (i) P/V ratio (ii) Break-even point (iii) Profit or loss at sales of Rs. 50,000 (iv) Sales required to earn a profit of Rs. 19,000 (v) Margin of safety, if sales is Rs. 60,000. $4 + 8\frac{1}{2}$

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

(b) The *MN* Ltd. produces a variety of products each having a number of component parts. Product *B* takes 5 hours to produce on a machine No. 100 working at full capacity. *B* has a selling price of Rs. 60 and a marginal cost of Rs. 40 per unit, "*A* — 10" a component part could be made on the same machine in 2 hours for a marginal cost of Rs. 5 per unit. The suppliers price is Rs. 12.50 per unit. Should the company make or buy "*A* — 10" ?

Give your advice on the above problem. $4\frac{1}{2} + 8$

3. (a) What are the limitations of standard costing ?

(b) The standard cost card for a product shows as thus :

Material cost — 2 kg @ Rs. 2.50 each → Rs. 5.00 per unit

Wages — 2 hours @ Re. 0.50 each → Re. 1.00 per unit

The actuals which have emerged are as follows :

Production — 8,000 units

Materials consumed — 16,500 kg @ Rs. 2.40 each — Rs. 39,600

Wages paid — 18000 hours @ 40 paise each — Rs. 7,200

You are required to calculate appropriate material and labour variances. 4 + 8½

4. (a) What do you mean by budgetary control ? Distinguish between budget and budgetary control.

(b) A company wished to avail of overdraft facilities with its bankers during the period April to June 2022, when it will be manufacturing mostly for stock. Prepare a cash budget for the above period (April to June) indicating the extent of the bank overdraft facilities the company will require at the end of the each month :

Month	**Sales (Rs.)**	**Purchases (Rs.)**	**Wages (Rs.)**
February	1,80,000	1,24,800	12,000
March	1,92,000	1,44,000	14,000
April	1,08,000	2,43,000	11,000
May	1,74,000	2,46,000	10,000
June	1,26,000	2,68,000	15,000

(i) 50% of credit sales are realised in the month following the month of sales and the remaining 50% in the second month following. Creditors are paid in the month following the month of purchase.

(ii) Cash or Bank on 01-04-2022 Rs. 25,000. (2 + 2½) + 8

Module - II

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

5. (a) What are the four perspectives of Balance Scorecard (BSC) ?

   (b) What are the different types of responsibility centers ? Write a short note on responsibility reporting. $6 + (3 + 3\frac{1}{2})$

6. (a) What is return on investment ? Discuss the limitations of ROI.

   (b) Profit before depreciation, interest and tax Rs. 82,000, depreciation Rs. 15,000, Interest Rs. 2,000, Tax rate 40%, Cost of capital 10%, Equity share capital Rs. 2,00,000, Reserves and surplus Rs. 1,00,000, Debt capital Rs. 1,00,000. Calculate EVA.

   $(2 + 4\frac{1}{2}) + 6$

7. (a) What do you mean by Transfer Price ? State the objectives of a sound transfer pricing system.

   (b) Write short notes on (i) Dual Pricing, and (ii) Negotiated Price.

   $(2 + 4\frac{1}{2}) + 6$

8. (a) What is Activity-Based Costing (ABC) ? How does it differ from the Conventional Costing system ?

   (b) Discuss different types of activity cost drivers. $(2 + 4\frac{1}{2}) + 6$