

1 (Sem-5/FYUGP) BCM 44 MJ

2025

COMMERCE (Accounting)

Paper : BCM0500404

(Management Accounting)

Full Marks : 60

Time : 2½ hours

*The figures in the margin indicate full marks
for the questions*

1. (a) State whether the following statements are True or False : 1×4=4
- (i) Financial Accounting is the base of Management Accounting.
 - (ii) Debt Equity Ratio is a relationship between short-term debt and shareholders fund.
 - (iii) Budgetary control starts with budgeting and ends with control.
 - (iv) Idle time variance is always unfavourable.

(2)

- (b) Fill in the blanks with appropriate word(s) : $1 \times 4 = 4$
- (i) If contribution is greater than fixed cost, the excess is known as _____.
- (ii) The difference between actual cost and standard cost is known as _____.
- (iii) Budgetary control is a system of _____ cost.
- (iv) Management Accounting deals only with that information which is useful to the _____.

2. Answer briefly any six of the following questions : $2 \times 6 = 12$

- (a) Mention two objectives of Management Accounting.
- (b) Define marginal cost.
- (c) Mention any two characteristics of good budgeting.
- (d) State the meaning of variance analysis.
- (e) What is budget manual?
- (f) Mention two assumptions of break-even analysis.
- (g) State two limitations of ratio analysis.

26A/97

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(3)

- (h) State the meaning of profit-volume ratio.
- (i) What is cash budget?
- (j) What are the components of Material Cost Variance?

3. Answer any five of the following questions in short : $4 \times 5 = 20$

- (a) Why is the Management Accounting separate discipline other than Cost Accounting?
- (b) From the following information, you are required to calculate—
- (i) PV ratio;
- (ii) profit, when sales are ₹ 20,000;
- (iii) new BEP, if selling price is reduced by 20% :
- Fixed Cost—₹ 4,000
BEP—₹ 10,000
- (c) Calculate capital and fixed assets from the following information :
- Current Assets—₹ 3,00,000
Current Ratio—3 : 1
Fixed Assets—60% of the capital
Long-term loan—Nil

26A/97

(Turn Over)



(4)

- (d) Current Liabilities of a company are ₹ 3,50,000
Its current ratio is 3 : 1 and Acid Test Ratio is 1.75.
Calculate Current Assets, Liquid Assets and Stock of the company.
- (e) Explain the significance of variance analysis.
- (f) Write a short note on Break-even chart analysis.
- (g) State the objectives of Financial Statement Analysis.
- (h) From the following, prepare Common-size income statement :

Particulars	31.03.2023	31.03.2024
Sales	₹ 16,00,000	₹ 20,00,000
Gross Profit	35%	36%
Operating Expenses	10% of GP	10% of GP
Other Income	₹ 16,000	₹ 16,000
Tax Rate	40%	40%

4. Answer any two of the following questions :

10×2=20

- (a) Describe the tools and techniques of Management Accounting needed for managerial decision.

26A/97

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(5)

- (b) India Ltd. uses standard costing and furnished you the following information :

Standard materials for 700 units of finished products—1000 kg
Price of materials—₹ 1 per kg
Actual output—210000 units
Opening stock—Nil
Purchase of 300000 kg for ₹ 2,70,000
Closing Stock—20000 kg

Calculate—

- (i) Material Cost Variance;
(ii) Material Price Variance;
(iii) Material Usage Variance;
(iv) Significance of those variances.
- (c) A company sold in two successive periods 7000 units and 9000 units and has incurred a loss of ₹ 10,000 and earned a profit of ₹ 10,000 respectively. The selling price per unit is ₹ 100.
You are required to calculate—
- (i) P/V Ratio;
(ii) Fixed Cost;
(iii) sales at Break-even Point;
(iv) sales required to earn a profit of ₹ 40,000.

26A/97

(Turn Over)



(6)

- (d) A company is expecting to have ₹25,000 cash in hand on 1st April, 2024 and it requests you to prepare Cash Budget for three months, April to June 2024. The following information is supplied to you :

Month	Sales ₹	Purchases ₹	Wages ₹	Expenses ₹
February	70,000	40,000	8,000	6,000
March	80,000	50,000	8,000	7,000
April	92,000	52,000	9,000	7,000
May	1,00,000	60,000	10,000	8,000
June	1,20,000	55,000	12,000	9,000

Other Information :

- (i) Period of credit allowed by suppliers is two months
- (ii) 25% of sales is for cash and period of credit allowed to customers for credit sales is one month
- (iii) Delay in payment of wages and expenses is one month
- (iv) Income tax ₹25,000 is to be paid in June 2024

26A/97

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(7)

- (v) Plant has been ordered to be received and paid in May 2024 for replacement of old one in the same month. The new plant under order will cost ₹90,000, while resale value of old one has been agreed upon and to be received for ₹17,500

- (e) Write short notes on any two of the following : 5×2=10

- (i) Essentials for success of a budgetary control system
- (ii) Activity ratio and their uses
- (iii) Purposes of standard costing
- (iv) Margin of safety

26A—7000/97

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