(8 pages) **Reg. No. : ....**

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B.B.A. (CBCS) DEGREE EXAMINATION, NOVEMBER 2017.

Fifth Semester

Business Administration — Main

Elective — MANAGEMENT ACCOUNTING

(For those who joined in July 2012-2015)

Time : Three hours Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL the questions.

Choose the correct answer :

1. Management Accounting relates to

(a) Recording of accounting data

(b) Recording of costing data

(c) Presentation of accounting data

(d) None of the above

2. Budgetary control is a system of controlling ————.

(a) costs (b) expenses

(c) profits (d) sales

3. Which of the following is a purpose of standard costing?

(a) To determine profit

(b) To determine Break even product level

(c) To control cost

(d) To eliminate the need of subjective decisions by management

4. When the variance is due to the difference between actual overhead and applied overhead it is called ————.

(a) controllable variance

(b) volume variance

(c) total overhead variance

(d) spending variance

5. The term marginal costing is also referred to as ————.

(a) variable costing (b) differential costing

(c) incremental costing (d) all the above

6. Contribution is also known as ————.

(a) Fixed Cost (b) Variable cost

(c) Gross margin (d) Profit

7. Rule of thumb for acid-test ratio is ————.

(a) 1 : 1 (b) 2 : 1

(c) 3 : 1 (d) 4 : 1

8. Solvency ratio is a part of ———— solvency.

(a) very short term (b) short term

(c) medium term (d) long term

9. Control reports deal with ———— performance.

(a) personal (b) economic

(c) both (d) none of the above

10. The ———— reports are prepared for the concern as a whole.

(a) external (b) enterprise

(c) special (d) internal

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) Define Management Accounting. State the objectives of Management Accounting.

Or

(b) Write a note on Activity based budgeting.

12. (a) What are the advantages of standard costing?

Or

(b) Describe the managerial use of variance analysis.

13. (a) Compare marginal costing with absorption costing.

Or

(b) What are the limitations of break – even chart?

14. (a) Calculate :

(i) Current Assets and

(ii) Liquid Assets from the following information.

Current ratio = 2.6 : 1

Liquid ratio = 1.5 : 1

Current Liabilities = Rs. 40,000.

Or

(b) Discuss any five limitations of ratio analysis.

15. (a) What are the objectives of reporting?

Or

(b) What do meant by special reports?

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 600 words.

16. (a) Explain the functions and scope of Management Accounting.

Or

(b) Bose Corporation produces and sells an electronic product with a total capacity of 1,80,000 direct labor hours. The company estimates the following expenses for the products at 80% level of capacity for the year 2013-2014.

Expenses	At 80% capacity (Rs.)
Fixed overhead expenses	
Depreciation	32000
Insurance	20000
Others	10000
Variable Overhead expenses	
Indirect Material	28000
Indirect Labor	24000
Indirect Expenses	4000
Semi-Variable Overhead expenses	
Electricity expenses(60% variable)	20000
Repairs and maintenance(20%fixed)	32000
Total Overhead expenses	170000

Prepare flexible budget of overhead expenses at 70 and 100% level of capacity.

17. (a) Distinguish between Standard costing and Budgetory control.

Or

(b) During a period, 1,200 standard sized soft carpets were produced from materials issued for 100 batches. The actual usage and cost of materials were: 2,00,500 kg of material X at Rs. 1.20 per kg; 1,19,600 kg of material Y at Rs. 1.50 per kg; 3,500 gallons of material Z at Rs.31.50 per gallon. Find the material mix variance.

18. (a) Explain the advantages and limitations of marginal costing.

Or

(b) There are two plants manufacturing the same product under one corporate management which decides to merge them. Following particulars are available.

Capacity Operations	Plant [100%]	Plant II [60%]
Sales	Rs. 6,00,000	Rs. 2,40,000
Variable costs	Rs. 4,00,000	Rs. 1,80,000
Fixed Costs	Rs. 70,000	Rs. 34,000

For the consideration on Board of Directors, Calculate :

(i) What would be the capacity of the merged plant to be operated for the purpose of break even point?

(ii) What would be the profitability on working at 75% of the merged capacity?

19. (a) Explain the merits and limitations of Interfirm comparison.

Or

(b) What are Liquidity ratios? Discuss their significance.

20. (a) What do you understand by Reporting to Management? List out its essential characteristics.

Or

(b) Discuss the informational needs of different levels of management.
