



BRAINWARE UNIVERSITY

Term End Examination 2018 - 19

Programme – Masters of Commerce in Banking & Financial Accounting

Course Name –Management Accounting

Course Code –MCM302

(Semester – 3)

Time allotted:3 Hours

Full Marks: 70

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

Group –A

(Multiple Choice Type Question)

10 x 1 = 10

1. *Choose the correct alternative from the following*
 - (i) Financial control report comes under
 - a. Dynamic financial reports
 - b. Static financial reports
 - c. Extensive Activity report
 - d. None of the above
 - (ii) The corrective actions after the analysis of variances has to be taken by
 - a. Cost accountant
 - b. Management
 - c. Both a and b
 - d. None of the above
 - (iii) Analytical reports are based on the _____ comparison of results.
 - a. Horizontal
 - b. Vertical
 - c. Symmetrical
 - d. None of the above
 - (iv) Management accounting deals with
 - a. Quantitative information
 - b. Qualitative information
 - c. Both a and b
 - d. None of the above
 - (v) Idle hours are not deducted in
 - a. Labour efficiency variance
 - b. Labour rate variance
 - c. Both a and b
 - d. None of the above

- (vi) If the actual output is more than the budgeted output, volume variance is
- | | |
|---------------|----------------------|
| a. Favourable | b. Non-favourable |
| c. No impact | d. None of the above |
- (vii) Financial management mainly focuses on
- | | |
|---|--|
| a. Efficient management of every business | b. Brand dimension |
| c. Arrangement of funds | d. All elements of acquiring and using means of financial resources for financial activities |
- (viii) Which of the following is not a cash outflow?
- | | |
|---------------------------------|--------------------------|
| a. Increase in Prepaid expenses | b. Increase in debtors |
| c. Increase in stock | d. Increase in creditors |
- (ix) What will be the amount of profit if Fixed cost is Rs 20,000 Sales is Rs 1,60,000 and P/V ratio is 25%?
- | | |
|--------------|----------------------|
| a. Rs 40,000 | b. Rs 20,000 |
| c. Rs 10,000 | d. None of the above |
- (x) The definition 'Management Accounting is the presentation of accounting information in such a way as to assist management in the creation of policy and the day-to-day operation of an undertaking.'
- | | |
|---|---------------------|
| a. Anglo-American Council on Productivity | b. AICPA |
| c. Robert N. Anthony | d. All of the above |

Group – B

(Short Answer Type Questions)

3 x5 = 15

Answer any *three* from the following

- | | |
|--|---|
| 2. What is Variance Analysis? What are its objectives? | 5 |
| 3. Write a short note on – Margin of Safety. | 5 |
| 4. What do you mean by Fixed Budget & Flexible Budget? | 5 |
| 5. A company had fixed expenses of Rs. 180000 with sales of Rs.60000 & a profit of Rs.60000. | |
| • What was its sales volume? | |
| • What is the margin of safety for a profit of Rs.120000 above? | 5 |

6. The following information relating to Sanchez limited is given to you:
 Sales – Rs.200000
 Fixed Cost – Rs.90000
 Variable Cost – Rs.125000
 Ascertain how much the value of sales must be increased for the company to Break Even.

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Group – C

(Long Answer Type Questions)

3x 15 = 45

Answer any *three* from the following

7. (a) What is Budgeting? 3
 (b) What are its features? 5
 (c) What do you mean by Budgetary Control? 3
 (d) What are its features? 4
8. (a) What is Management Accounting? 3
 (b) What are its functions & limitations? 12
9. From the following forecast of Income & Expenditure, prepare a Cash Budget for three months ending 30th November. The Bank Balance on 1st September was Rs.10000.

Months	Sales	Purchases	Wages	Factory Expenses	Office Expenses
July	Rs. 80000	Rs. 40000	Rs. 5600	Rs. 3900	Rs. 10000
August	Rs.76500	Rs.42000	Rs.5800	Rs.4100	Rs.12000
September	Rs.78000	Rs.38500	Rs.5800	Rs.4200	Rs.14000
October	Rs.90000	Rs.37500	Rs.5900	Rs.5100	Rs.16000
November	Rs.95000	Rs.43000	Rs.5900	Rs.6000	Rs.13000

A sales commission @ 4% on sales due in the month following the month in which sales dues are collected, is payable in addition to the office expenses. Fixed Assets worth Rs. 65000 will be purchased in September, to be paid in the following month. Rs. 20000 in respect of debenture interest will be paid in October. The period of credit allowed to customer is 2 months & 1 month credit is obtained from suppliers of goods. Wages are paid on an average fortnightly on 1st & 16th of each month in respect of dues for periods ending on that date proceeding such days. Expenses are paid in the month in which they are due.

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10. (a) What are the differences between Management Accounting & Financial Accounting? 6
 (b) Make a comparison between Standard Costing & Budgetary Control. 6
 (c) Who are the users of Financial statements? 3
11. From the following information prepare a Cash Flow statement (according to AS-3) for the year 31.3.2018.

Liabilities	2017	2018	Assets	2017	2018
	Rs. ('000)	Rs. ('000)		Rs. ('000)	Rs. ('000)
Share Capital	200.0	250.0	Land & Building	200.0	190.0
General Reserve	50.0	60.0	Plant & Machinery	150.0	169.0
P/L Account	30.5	30.6	Stock	100.0	74.0
Bank Loan	70.0	-	Debtors	80.0	64.2
Creditors	150.0	135.2	Cash	0.5	0.6
Provision for Taxation	30.0	35.0	Bank	-	8.0
			Goodwill	-	5.0
	530.5	510.8		530.5	510.8

Additional Information:

- Dividend of Rs.23000 was paid
- The following assets of another company were purchased for a consideration of Rs.50000 paid for in shares: Stock- Rs.20000, Machinery- Rs.25000.
- Further machinery was purchased for Rs.25000 during the year.
- Net Profit for the year was Rs.66100.
- Depreciation written off on building Rs.10000 & on machinery Rs.14000.
- Income Tax paid during the year Rs.28000.

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