BRAINWARE UNIVERSITY

Term End Examination 2024-2025
Programme – B.Com.(AFB)-Hons]-2023
Course Name – Management Accounting
Course Code - BBF30105
(Semester III)

Full Marks : 60 **Time : 2:30 Hours**

[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) 1 x 15=15

1. *Choose the correct alternative from the following :*

(i) Explain the difference between cash flow and fund flow.

a) Cash flow is the inflow and outflow of cash, while fund flow measures changes in working capital.
b) Cash flow measures changes in working capital, while fund flow measures the inflow and outflow of cash.
c) Cash flow and fund flow are synonymous terms.
d) Cash flow measures financial transactions, while fund flow tracks operational activities.

(ii) Explain the term 'free cash flow.'

a) The cash available for distribution to shareholders after all operating expenses have been pai
b) The cash remaining after operating expenses and capital expenditures have been pai
c) The cash generated from financing activities.
d) The cash available for reinvestment in the company's growth.

(iii) Explain the importance of analyzing cash flow and fund flow for financial management.

a) Cash flow and fund flow analysis helps in understanding the liquidity and solvency of a business.
b) Cash flow and fund flow analysis are irrelevant for financial management.
c) Cash flow and fund flow analysis only provide historical dat
d) Cash flow and fund flow analysis are solely for tax purposes.

(iv) Explain the concept of a cost variance analysis in standard costing.

a) An analysis of actual costs only.
b) An analysis of the differences between actual and standard costs.
c) An analysis of historical costs.
d) An analysis of budgeted costs.

(v) Explain the term 'standard overhead rate'.

a) The actual overhead costs incurre
b) The predetermined overhead costs per unit of output.

c) The overhead costs allocated in the budget for production.

d) The average overhead rate in the industry.

(vi) Describe the purpose of budgetary control.

a) To eliminate the need for financial planning.

b) To provide guidelines for spending.

c) To ensure that actual results are consistent with planned results.

d) To increase overhead costs.

(vii) Explain the concept of a budget variance.

a) The difference between actual and budgeted costs.

b) The difference between fixed and variable costs.

c) The difference between historical and actual costs.

d) The difference between actual costs and forecasted costs.

(viii) Explain the term 'rolling budget'.

a) A budget that is prepared only once a year.

b) A budget that remains fixed for a specific perio

c) A budget that is continuously updated throughout the year.

d) A budget that is prepared for a short-term project.

(ix) Select the formula for calculating the labor efficiency variance in budgetary control.

a) (Actual Hours - Budgeted Hours) × Standard Rate

b) (Budgeted Hours - Actual Hours) × Actual Rate

c) (Actual Hours - Budgeted Hours) × Actual Rate

d) (Budgeted Hours - Actual Hours) × Standard Rate

(x) Describe the purpose of variance analysis in budgetary control.

a) To eliminate the need for financial planning.

b) To ensure compliance with accounting standards.

c) To identify the reasons for differences between actual and budgeted costs.

d) To increase overhead costs.

(xi) Explain the term 'incremental cost' in make-buy decisions.

a) The additional cost incurred by producing one more unit of a product internally

b) The total cost of production minus avoidable costs

c) The total cost of production minus fixed costs

d) The total cost of production minus variable costs

(xii) Explain the term 'opportunity cost' in the context of make-buy decisions.

a) The cost of purchasing the item externally

b) The benefit foregone by choosing one alternative over another

c) The additional cost incurred by producing one more unit of a product internally

d) The additional cost incurred by purchasing the item externally

(xiii) Calculate the break-even point in sales dollars if the contribution margin ratio is 40%, fixed costs are Rs.20,000, and variable costs per unit are Rs.8.

a) Rs.40,000

b) Rs.50,000

c) Rs.60,000

d) Rs.70,000

(xiv) Calculate the sales volume required to achieve a target profit of Rs.5,000, given fixed costs of Rs.10,000, variable cost per unit of Rs.8, and selling price per unit of Rs.15.

a) 1,000 units

b) 2,000 units

c) 3,000 units

d) 4,000 units

(xv) Calculate the break-even point in units given fixed costs of Rs.15,000, variable cost per unit of Rs.6, and selling price per unit of Rs.9.

a) 1,250 units

b) 2,000 units

c) 2,500 units

d) 3,000 units

Group-B

(Short Answer Type Questions) 3 x 5=15

2. Define a Cash Flow Statement.
3. Write about the advantages of Marginal Costing. (3)
4. Explain the types of variances in Standard Costing. (3)
5. Write the difference between Management Accounting and Financial Accounting. (3)
6. Define how management accounting could assist a company like XYZ Ltd. in controlling its costs when facing a decline in sales. (3)

(3)

OR

Explain how a variance analysis report would help the production manager of ABC Manufacturing identify performance gaps. (3)

Group-C

(Long Answer Type Questions) 5 x 6=30

7. Explain how variance analysis can help a manufacturing company like XYZ Ltd. improve its cost control. (5)
8. Evaluate the importance of break-even analysis for a start-up company planning to launch a new product. (5)
9. Define budgetary control. (5)
10. Differentiate between variable costing and absorption costing. (5)
11. Define cost-volume-profit (CVP) analysis. (5)
12. Case details: Contribution margin DEF Industries produces a product with the following data: - Selling price per unit: ₹60 - Variable cost per unit: ₹35 - Units sold: 12,000. Calculate the total contribution margin. (5)

OR

Case Details: DEF Industries has the following data: - Cash: ₹100,000 - Accounts Receivable: ₹150,000 - Inventory: ₹200,000 - Current Liabilities: ₹300,000. DEF Industries has the following data: - Cash: ₹100,000 - Accounts Receivable: ₹150,000 - Inventory: ₹200,000 - Current Liabilities: ₹300,000 Calculate the quick ratio. (5)

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