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BRAINWARE UNIVERSITY

Term End Examination 2025-2026
Programme – B.Com.(AFB)-Hons]-2023/B.Com.(AFB)-Hons]-2024
Course Name – Management Accounting
Course Code - BBF30105/BBF30103
(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) Select the correct formula for calculating contribution margin ratio.

a) (Total Contribution Margin / Total Sales) × 100%
b) (Total Sales / Total Contribution Margin) × 100%
c) (Total Contribution Margin / Total Variable Costs) × 100%
d) (Total Variable Costs / Total Sales) × 100%

(ii) Select the formula for calculating the contribution per unit.

a) Selling price per unit - Variable cost per unit
b) Selling price per unit - Fixed cost per unit
c) Variable cost per unit - Fixed cost per unit
d) Total cost per unit - Selling price per unit

(iii) Explain the term breakeven point.

a) The point where total revenue equals total fixed costs.
b) The point where total revenue exceeds total fixed costs.
c) The point where total revenue exceeds total variable costs.
d) The point where total revenue equals total variable costs.

(iv) Describe a cost variance in standard costing.

a) The difference between actual and standard costs.
b) The difference between fixed and variable costs.
c) The difference between budgeted and actual costs.
d) The difference between historical and actual costs.

(v) Select the formula for calculating the overhead efficiency variance in standard costing.

a) (Actual Hours - Standard Hours) × Standard Overhead Rate
b) (Standard Hours - Actual Hours) × Actual Overhead Rate
c) (Actual Hours - Standard Hours) × Actual Overhead Rate
d) (Standard Hours - Actual Hours) × Standard Overhead Rate

(vi) Explain the term insourcing in the context of make-buy decisions.

a) The process of producing goods internally
b) The process of purchasing goods externally
c) The process of selling goods to other companies
d) The process of increasing production capacity internally

(vii) Calculate the break-even point in units given fixed costs of Rs.18,000, variable cost per unit of Rs.7, and selling price per unit of Rs.12.

a) 1,000 units
b) 1,500 units
c) 2,000 units
d) 2,500 units

(viii) Calculate the contribution margin ratio if the selling price per unit is Rs.25, variable cost per unit is Rs.10, and fixed costs are Rs.15,000.

a) 0.4
b) 0.5
c) 0.6
d) 0.7

(ix) Locate where Cost Accounting fits within the scope of Management Accounting.

a) It is entirely separate from Management Accounting
b) It is a major part of Management Accounting
c) Management Accounting has no reliance on Cost Accounting
d) Cost Accounting is only for external reporting

(x) Select an example of a special technique used in Management Accounting.

a) Double-entry bookkeeping for external reports
b) Standard costing
c) Preparing a Balance Sheet for public release
d) Adhering to statutory reporting formats

(xi) Describe how Management Accounting improves internal communication.

a) By focusing on external reporting
b) By providing clear, timely, and relevant reports to various levels of management
c) By adhering to rigid, prescribed report formats
d) By only communicating financial data

(xii) Contrast the objective of a Fund Flow Statement with a Cash Flow Statement.

a) Fund Flow aims to assess short-term solvency, Cash Flow to explain changes in working capital.
b) Fund Flow aims to explain changes in working capital, Cash Flow to assess short-term solvency.
c) Both have the same objective.
d) Fund Flow focuses on cash generation, Cash Flow on capital structure.

(xiii) Review the role of a Fund Flow Statement as a control tool.

a) It only highlights past problems without enabling corrective action.
b) It helps management compare actual movement of funds with planned figures and take corrective actions.
c) It prevents any form of financial planning.
d) It exclusively focuses on external compliance.

(xiv) Define responsibility accounting.

a) A system for tracking assets
b) A method for budgeting
c) A system for evaluating performance by responsibility centers
d) A type of financial accounting

(xv) Explain activity-based costing (ABC).

a) A traditional costing method
b) A method of allocating indirect costs based on activities
c) A pricing strategy
d) A method for cash flow management

Group-B

(Short Answer Type Questions) 3 x 5=15

2. Write the difference between cash flows from operating and investing activities. (3)
3. Describe the role of the Cash Flow Statement in financial analysis. (3)
4. Describe the contribution margin in Marginal Costing. (3)

5. Calculate the P/V ratio if sales and profit for two years were: Year 1: Sales Rs. 1,40,000, Profit Rs. 15,000; Year 2: Sales Rs. 1,60,000, Profit Rs. 20,000. (3)
6. Calculate the impact on profits for MNO Enterprises if it increases its sales by 20%, given that the contribution margin ratio is 50% and current sales are Rs.1,000,000. (3)

OR

Calculate the labor rate variance for JKL Ltd. if the standard labor rate is Rs.150 per hour, the actual rate paid is Rs.160 per hour, and the actual hours worked are 600 hours. (3)

Group-C

(Long Answer Type Questions) 5 x 6=30

7. Differentiate between Fixed Budget & Flexible Budget. (5)
8. SS Ltd. sells a single product at ₹80 per unit. The variable cost per unit is ₹50. The fixed cost incurred by the company is ₹1,20,000 per year. During the year, the company sold 6,000 units. You are required to calculate: (a) Contribution per unit (b) Profit/Volume Ratio (P/V Ratio) (c) Break-Even Sales (in units) (d) Break-Even Sales (in ₹) (e) Margin of Safety (in units) (5)
9. Differentiate between standard costing and marginal costing. (5)
10. Explain the differences between break-even point and margin of safety. (5)
11. Using the following information of Orion Ltd., construct a cash flow statement for the year ending 31st March 2024: Net Profit before Tax: ₹1,50,000 Depreciation: ₹35,000 Gain on Sale of Investments: ₹10,000 Decrease in Inventory: ₹15,000 Increase in Trade Receivables: ₹20,000 Increase in Accrued Expenses: ₹7,000 Purchase of Investments: ₹80,000 Sale of Investments: ₹50,000 Issue of Debentures: ₹1,00,000 Interest Paid: ₹12,000 Tax Paid: ₹30,000 Dividend Paid: ₹20,000 (5)
12. *The standard and actual figures of product 'Z' are as under:* (5)

	Standard	*Actual*
Material quantity	*50 units*	*45 units*
Material price per unit	*₹ 1.00*	*₹ 0.80*

CALCULATE material cost variances.

OR

From the following information of G Ltd., CALCULATE (i) Variable Overhead Cost Variance; (ii) Variable Overhead Expenditure Variance and (iii) Variable Overhead Efficiency Variance: (5)

Budgeted production	*6,000 units*
Budgeted variable overhead	*₹ 1,20,000*
Standard time for one unit of output	*2 hours*
Actual production	*5,900 units*
Actual overhead incurred	*₹ 1,22,000*
Actual hours worked	*11,600 hours*

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