BRAINWARE UNIVERSITY

Term End Examination 2023-2024
Programme – B.Com.(AFB)-Hons-2022
Course Name – Management Accounting
Course Code - BCMC403
(Semester IV)

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 item that would be classified as an operating activity in a cash flow statement.

a) Purchase of equipment
b) Sale of long-term investments
c) Payment of dividends to shareholders
d) Payment of interest on long-term debt

(ii) Select the financial statement that presents cash flow information for a specific perio

a) Income Statement
b) Balance Sheet
c) Statement of Retained Earnings
d) Cash Flow Statement

(iii) Define 'marginal costing' in relation to decision-making.

a) A costing method that considers only fixed costs.
b) A costing method that considers only variable costs.
c) A costing method that considers both fixed and variable costs.
d) A costing method that considers only sunk costs.

(iv) Select the formula for calculating the 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%

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

a) Actual Overhead Costs - Standard Overhead Costs
b) Standard Overhead Costs - Actual Overhead Costs
c) Actual Overhead Costs / Standard Overhead Costs
d) Standard Overhead Costs / Actual Overhead Costs

(vi) Explain the term 'standard quantity'.

a) The actual quantity of materials use
b) The predetermined quantity required for production.
c) The quantity allocated in the budget for production.
d) The average quantity used in the industry.

(vii) Describe a material quantity variance in standard costing.

a) The difference between actual and standard material prices.
b) The difference between actual and standard material quantities.
c) The difference between budgeted and actual material costs.
d) The difference between actual and budgeted material quantities.

(viii) Select the formula for calculating the total cost variance in standard costing.

a) Actual Costs - Standard Costs
b) Standard Costs - Actual Costs
c) Actual Costs / Standard Costs
d) Standard Costs / Actual Costs

(ix) Explain the term 'zero-based budgeting'.

a) A budgeting approach that starts from zero each year.
b) A budgeting approach that uses historical dat
c) A budgeting approach that ignores actual costs.
d) A budgeting approach that relies solely on intuition.

(x) Select the formula for calculating the overhead expenditure variance in budgetary control.

a) (Actual Overhead Costs - Budgeted Overhead Costs)
b) (Budgeted Overhead Costs - Actual Overhead Costs)
c) (Actual Overhead Costs / Budgeted Overhead Costs)
d) (Budgeted Overhead Costs / Actual Overhead Costs)

(xi) Describe a budget variance analysis.

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

(xii) Describe the role of budget revisions in budgetary control.

a) To increase overhead costs.
b) To eliminate the need for financial reporting.
c) To ensure compliance with accounting standards.
d) To adapt to changes in business conditions.

(xiii) Illustrate the calculation of working capital gap if current assets are Rs.120,000 and current liabilities are Rs.80,000.

a) Rs.40,000
b) Rs.60,000
c) Rs.80,000
d) Rs.120,000

(xiv) Classify the cost of raw materials purchased by the production department as an expense or an investment.

a) Expense
b) Investment
c) Variable cost
d) Fixed cost

(xv) Explain the difference between actual and budgeted sales revenue for a particular department.

a) Sales variance
b) Revenue variance
c) Profit variance
d) Cost variance

Group-B

(Short Answer Type Questions) 3 x 5=15

2. Calculate the contribution margin for a product line with sales of Rs.300,000 and variable expenses of Rs.150,000. Also define contribution margin. (3)
3. Calculate the operating cash flow of a company with a net income of Rs.100,000, depreciation expense of Rs.20,000, and an increase in accounts receivable of Rs.15,000. (3)
4. Define Bonus Share & Right Share. (3)
5. Explain the different types of costs in management accounting, including fixed costs, variable costs, and mixed costs. (3)
6. A company has cash inflows of Rs.120,000 from operating activities, cash outflows of Rs.50,000 for investments, and cash outflows of Rs.40,000 for financing activities. Calculate the ending cash balance if the beginning cash balance was Rs.30,000. (3)

OR

Explain how activity-based costing (ABC) differs from traditional costing methods and its advantages. (3)

Group-C

(Long Answer Type Questions) 5 x 6=30

7. Explain how the analysis of costs into fixed and variable components is used in planning control and decision-making techniques used in management accounting. (5)
8. Distinguish between budgeting & forecasting. (5)
9. Define the term Budgetary Control. (5)
10. A manufacturing company incurs fixed costs of ₹3,00,000 per annum. It is a single product company with annual sales budgeted to be 70,000 units at a sales price of ₹300 per unit. Variable costs are ₹ 285 per unit. (5)

    (i) Draw a profit volume graph, and use it to determine the breakeven point.

    The company is deliberating upon an increase in the selling price of the product to ₹ 350 per unit. This shall be required in order to improve the quality of the product. It is anticipated that despite increase in the selling price the sales volume shall remain unaffected, however, the fixed costs shall increase to ₹ 4,50,000 per annum and the variable costs to ₹ 330 per unit.

    (ii) Draw on the same graph as for part (a) a second profit volume graph and give your comments.

11. Illustrate the statement of changes in working capital with an example (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

You are given the following data for the current financial year of Rio Co. Ltd: (5)

Variable cost	*60,000*	*60%*
Fixed cost	*30,000*	*30%*
Net profit	*10,000*	*10%*
Sales	*1,00,000*	*100%*

FIND OUT (a) Break-even point, (b) P/V ratio, and (c) Margin of safety. Also DRAW a break-even chart showing contribution and profit.

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