[This question paper contains 16 printed pages.]

Your Roll No................

Sr. No. of Question Paper	:	3013
Unique Paper Code	:	22417501_Dec-2023
Name of the Paper	:	Management Accounting
Name of the Course	:	B.COM. (H) CBCS
Semester	:	V

G

Duration : 3 Hours

Maximum Marks : 75

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Attempt ALL Questions.
3. All questions carry equal marks.
4. Simple Calculators are allowed to be used.
5. Working Notes should form part of your answer.
6. Answers may be written either in English or Hindi; but the same medium should be used throughout the paper.

छात्रों के लिए निर्देश

1. इस प्रश्न-पत्र के मिलते ही ऊपर दिए गए निर्धारित स्थान पर अपना अनुक्रमांक लिखिए।
2. सभी प्रश्नों के उत्तर दीजिए।
3. सभी प्रश्नों के अंक समान हैं।
4. साधारण कैलकुलेटर उपयोग की अनुमति है।
5. वर्किंग नोट्स आपके उत्तर का हिस्सा होने चाहिए।
6. इस प्रश्न-पत्र का उत्तर अंग्रेजी या हिंदी किसी एक भाषा में दीजिए, लेकिन सभी उत्तरों का माध्यम एक ही होना चाहिए।

1. (a) "Management accounting is the best tool for the management to achieve higher profits and efficient operation." Elucidate the statement. (8)

(b) What do you understand by 'cost control' and 'cost reduction?' Which of the two is superior? (7)

OR

(a) Distinguish between :

(i) Opportunity cost & Imputed cost (5)

(ii) Differential Costing vs. Marginal Costing (5)

(iii) Sunk Cost and Shut-down costs. (5)

2. (a) Luminous Pvt. Ltd. sold 1,00,000 board markers at the price of Rs. 10 each. The variables cost per marker was Rs. 6. The total fixed cost was Rs. 3,00,000. Compare the BEP and the margin of safety.

(b) Calculate the BEP in each of the following independent situations :

(i) For a business firm actual sales are Rs. 50,000 and margin of safety is 30%. You are required to calculate the BEP.

(ii) A company is presently earning a profit of Rs. 40,000 and its margin of safety is 20%. The variable cost is 60% of sales. You are required to calculate the BEP.

(iii) The profit volume ratio of Avengers Ltd. Is 50% and its margin of safety is 40%. You are required to calculate the net profit if the sales volume is Rs. 1,00,000. (15)

OR

Dolby is a retailer firm selling discs at Rs. 100 each. The variable cost consists of Rs. 65 per unit as purchase price and Rs. 5 per disc as handling cost. The company annual fixed cost amounts Rs. 24 lakhs. You are required to calculate the following (treat each part as independent)

(a) P/V ratio and break-even sales.

(b) New break- even sales if variable costs per disc increases by Rs. 6 without increase in the selling price.

(c) Increase in sales required if the profits are to be increased by Rs. 6 Lakhs.

(d) Percentage change in sales volume units to off-set –

(i) An increase of Rs. 6 n the variable cost per disc.

(ii) A 10% increase in selling price without affecting existing profits quantum.

(iii) Quantum of advertisement expenditure permissible to increase sales by Rs. 12 lakhs without affecting existing profits. (15)

3. (a) The following data refers to Smart Computers, which is in business of manufacturing and supplying computer chips.

Particulars	March 2023	April 2023
Production Volume	10,000 units	5,000 units
Sales volume	5,000 units	10,000 units
Selling price per unit	Rs 50	Rs 50
Variable production cost per unit	Rs 25	Rs 25
Fixed Production overheads incurred	Rs 50,000	Rs 50,000
Fixed Production overheads per unit (being predetermined overhead absorption rate)	Rs 5	Rs 5
Selling, distribution and administration cost (all fixed)	Rs 40,000	Rs 40,000

You are required to present a comparative profit statement for each month using (a) absorption costing technique and (b) marginal costing technique. Give your observation about the profits under two techniques. (10)

(b) Specify various factors considered while preparing sales budget. (5)

OR

The details regarding the composition and the weekly wage rates of labour force engaged on a job scheduled to be completed in 30 weeks are as follows :

Category of workers	Standard		Actual	
	No. of workers	Weekly wage rate per workers	No. of workers	Weekly wage rate per workers
Skilled	75	Rs 60	70	Rs 70
Semi-skilled	45	Rs 40	30	Rs 50
Unskilled	60	Rs 30	80	Rs 20

The work is actually completed in 32 weeks. Calculate all the labour variances. (15)

4. Ridehood Ltd. is manufacturing bicycles for men and women. The company is currently purchasing Rs. 5,000 pieces of two-tone bicycle bells from the outside

vendor at a price of Rs. 12 per unit. A part of the manufacturing capacity in the factory is idle. The management of the company is thinking to manufacture these bells in its own factory for which the following cost estimates are given by the accountant :

Particulars	Rs
Direct materials	4.00
Direct labour	3.00
Variables overheads	3.00
Depreciation of special equipment	1.00
Allocated overheads	2.00
Per Unit Cost	13.00

You are required to give your expert opinion as to

(a) Whether the company should make or buy the bells?

(b) What would be your decision, if the supplier offers the component at Rs. 9.00 per unit?

(c) What will be your decision if the idle capacity can be hired out to some other producer for Rs. 15,000? Assume the original data where the vendor is ready to supply at Rs. 12 per piece. (15)

OR

The following data relate to Bookshop Ltd :

The financial manager has made the following sales forecasts for the first 5 months of the coming year, commencing from 1 April 2024:

Month	Sales (In Rs)
April	40,000
May	45,000
June	55,000
July	60,000
August	50,000

Other data :

(i) Debtor's and creditors' balance at the beginning of the year are Rs. 30,000 and Rs. 14,000, respectively. The balance of other relevant assets and liabilities are :

(a) Cash balance Rs. 7,500

(b) Stock Rs. 51,000

(c) Accrued sales commission Rs. 3,500

(ii) 40% sales are on cash basis. Credit sales are collected in the month following the sale.

(iii) Cost of sales is 60% on sales.

(iv) The only other variable cost is 5% commission to sales agents. The sales commission is paid in a month after is earned.

(v) Inventory (stock) is kept equal to sales requirements for the next 2 months budgeted sales.

(vi) Trade creditors are paid in the following month after purchases.

(vii) Fixed costs are Rs. 5,000 per month including Rs. 2,000 depreciation.

You are required to prepare a cash budget for the months of April, May and June 2024, respectively. (15)

5. (a) Discuss the merits and demerits of ROI and RI for divisional performance measurement.

(b) What is the difference between relevant costs and irrelevant costs? Explain with examples. (5)

(c) Is it possible to have two Break even Points. How? (5)

OR

(a) Explain the terms Budget, Budgeting and Budgetary control. (5)

(b) Explain Variable overhead cost Variances. (5)

(c) Show graphically Angel of Incidence and Margin of safety. (5)