2020

MANAGEMENT ACCOUNTING-1 (Honours)

Paper : COMMH - DC-6

(CBCS)

Full Marks : 32 Time : Two Hours

The figures in the margin indicate full marks.

Answer the following questions.

1. (a) What do you mean by Management Accounting ?

   (b) What are the objectives of Management Accounting ? 2+4=6

Or

State the differences between Cost Accounting and Management Accounting? 6

2. The following information has been extracted from the cost accounting department of KD Ltd.

   Sales = 1,00,000 units

   Selling Price = Rs. 10 per unit

   Variable cost or out of pocket-costs = Rs. 6 per unit

   Fixed costs or burden = Rs. 60,000 per annum

   Compute the following :

   (a) Break even points in units and value

   (b) Sales to make profit of Rs. 40,000

   (c) Sales to make profit of Rs. 2 per unit

   (d) Sales to make profit of 30% on sales 10

Or

State the distinctions between Absorption Costing and Marginal Costing. 10

3. (a) Define Relevant Cost.

(b) Auto Ltd. has an annual production of 90,000 units for a motor component. The component cost structure is as follows :

Material		Rs.270 per unit
Labour (25% fixed)		Rs.180 per unit
Expenses :		
	Variable	Rs. 90 per unit
	Fixed	Rs.135 per unit

The purchase manager has an offer from a supplier who is willing to supply the component at Rs. 540. Suggest the purchase manager whether he should purchase the component from the supplier or produce in the factory. 2+4=6

Or

(a) What are the areas of short-term decision making guided by Marginal costing ?

(b) Mention the deciding factors of make or buy decisions

(i) when there is idle capacity ;

(ii) when there is no idle capacity. 2+2+2=6

4. From the following information prepare monthly cash budget of Small Co. Ltd. for January, February and March 2021. [Necessary workings must be shown]

Months	Purchase (Rs.)	Sales (Rs.)	Wages (Rs.)	Expenses (Rs.)
October, 2020	40,000	60,000	8,000	10,000
November, 2020	60,000	80,000	10,500	12,000
December, 2020	50,000	70,000	17,500	12,500
January, 2021	70,000	90,000	17,100	11,600
February, 2021	80,000	1,00,000	12,000	11,800
March, 2021	60,000	1,20,000	12,000	12,300

It is expected that 50% of sales will be made in cash and 25% of the purchase can be made on credit.

Debtors are allowed 2 months credit but will receive 5% cash discount if they pay off their dues within the month next to the month of sale. 80% of the debtors normally clear their dues at the end of that period to avail the cash discount. Rest 20% of the debtors pay on the due date.

80% of the credit purchase is paid after 1 month of that purchase and next to that month the balance 20% is paid.

Wages are paid in the next month.

Expenses include selling and distribution expenses which are 10% of the sales in the same month.

At the end of December 2020 the Small Co. Ltd. had Rs. 40,000 cash in hand. 10

Or

(a) What do you mean by Budget and Budgetary Control ?

(b) Discuss the differences between Budget and Budgetary Control.

3+7=10