Or

(*b*) What do you mean by a Cash Flow Statement? Explain clearly the difference between Fund Flow Statement and Cash Flow Statement. 4+10=14

★★★

3 TDC MGMNT ACC (S)

2 0 1 2

MANAGEMENT ACCOUNTING

(Speciality)

Full Marks : 70
Pass Marks : 28

Time : 3 hours

The figures in the margin indicate full marks for the questions

1. (*a*) "The managerial objectives of accounting are to provide data to help the management in planning, decision-making, coordinating and controlling operations." Discuss. 14

Or

(*b*) "Management Accounting is nothing more than the use of financial information for management purpose." Explain the statement and clearly distinguish between financial accounting and management accounting. 7+7=14

(*Turn Over*)

2. (a) (i) You are given the following data for the coming year of a factory :

Budgeted output—80000 units

Fixed expenses—Rs 4,00,000

Variable expenses (per unit)—Rs 10

Selling price (per unit)—Rs 20

Draw a break-even chart showing the break-even point. If the selling price is reduced to Rs 18 per unit, what will be the new break-even point? 7

(ii) The following data are available from the record of a factory :

	Rs
Sales	60,000
Variable cost	30,000
Fixed cost	15,000

You are required to calculate profit volume ratio, break-even point and margin of safety at this level.

2½+2½+2=7

Or

(b) "Marginal costing is essentially a technique of cost analysis and cost presentation." Discuss the statement with reference to the application, merits and limitations of marginal costing.

5+5+4=14

3. (a) A manufacturing company is currently producing 12000 units (at 60% capacity). The following particulars relating to cost structure are available :

Items	*Per unit* (in Rs)
Direct materials	50
Direct labour	20
Manufacturing overhead (60% fixed)	50
Administrative overhead (fixed)	20
Selling and distribution overhead (40% variable)	30
	170
Profit	30
Selling price	200

Prepare a flexible budget for 80% and 100% activity level taking into account the following further information : 14

(i) If activity exceeds 60%, a 5% quantity discount on raw materials on account of increase in the total quantity will be received

(ii) The present fixed cost structure will remain constant up to 90% capacity, beyond which a 20% increase in cost is expected

(iii) The present selling price will remain constant up to 85% capacity activity level, beyond which a 5% reduction on total selling price will be considered

Or

(b) What is zero-based budgeting? What are different steps involved in it and how are they useful to the management? 4+6+4=14

4. (a) A Cost Accountant of a company was given the following information regarding the overheads for the month of July, 2011 :

Overhead cost variance—Rs 1,400 (Adverse)

Overhead volume variance—Rs 1,000 (Adverse)

Budgeted hours for July, 2011—1200 hours

Budgeted overheads for July, 2011—Rs 6,000

Actual rate of recovery of overhead—
Rs 8 per hour

You are required to assist him in computing the following for the month of July, 2011 : 2+3+3+3+3=14

(i) Overhead expenditure variance

(ii) Actual overhead incurred

(iii) Actual hours for actual production

(iv) Overheads capacity variance

(v) Overhead efficiency variance

Or

(b) What is standard costing? Distinguish between standard cost and estimated cost. Point out its limitations. 4+6+4=14

5. (a) The following Balance Sheets have been prepared by Suman Ltd. for the year ended on 31st December, 2009 and 2010 :

Balance Sheets

Liabilities	*2009* Rs	*2010* Rs	*Assets*	*2009* Rs	*2010* Rs
Equity Share Capital	4,00,000	5,00,000	Fixed Assets	6,05,000	5,70,000
10% Preference Share Capital	2,00,000	—	Debtors	1,20,000	1,40,000
5% Debenture	—	1,00,000	Inventory	2,00,000	1,80,000
Capital Redemption Reserve	—	1,00,000	Cash	90,000	60,000
Profit & Loss A/c	2,50,000	60,000	Preliminary Expenses	60,000	40,000
Creditors	1,50,000	1,40,000			
Other Liabilities	75,000	90,000			
	10,75,000	9,90,000		10,75,000	9,90,000

Additional Information :

(i) Preference Shares were redeemed at 10% premium on 30th June, 2010 and Debentures were issued on the same date

(ii) Fixed Assets were purchased for Rs 1,95,000

(iii) Fixed Assets at book value of Rs 1,40,000 were sold for Rs 80,000

(iv) Dividend on Equity Shares was paid for Rs 40,000

Prepare Cash Flow Statement. 14