

POST-GRADUATE COURSE

Term End Examination — December, 2009

M.Com.

MANAGEMENT ACCOUNTING

PAPER XVII

Time — 2 hours

Full marks—50
(Weightage of marks—80%)

Special credit will be given for accuracy and relevance in the answer. Marks will be deducted for incorrect spelling, untidy work and illegible handwriting. The weightage for each question has been indicated in the margin.

Group - A

Answer any two questions : 10×2=20

- (a) What is the scope of management accounting ?
(b) State the difference between management accounting and financial accounting. 5+5
- UPA Co. is producing only 10,000 units of a product operating at 50% capacity due to business recession. Its cost structure is known to be as follows :

Direct Material	Rs. 20 per unit
Direct Labour	Rs. 15 per unit
Variable Overhead	Rs. 10 per unit
Total fixed overhead per annum	Rs. 2,00,000
Current selling price	Rs. 60 per unit

A customer approaches the firm for supplying 5000 units

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of the product at Rs. 50 per unit. Should the firm accept the offer ? 10

- Define 'Standard Cost' and 'Standard Costing'. State the advantages of standard costing. 5+5
- (a) What is Return on Investment ?
(b) Existing operating income of a division Rs.2,00,000
Investment Rs. 10,00,000
Cost of Capital 12%
An investment opportunity comes before the divisional manager with an expected return of Rs. 70,000 on an additional investment of Rs. 5,00,000. What is possibility of accepting the new investment by the divisional manager ? 4+6

Group - B

Answer any two questions : 15×2=30

- (a) What do you mean by 'budgetary control' ?
(b) Calculate variances from the standard and actual for a particular month as disclosed from the following figures :

	Standard	Actual
No. of workers employed	600	550
Average wages per worker per month	Rs. 250	Rs. 264
No. of Working days in a month	25	24
Output in units	30,000	28,000
		6+9

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6. (a) How does Activity-based Costing differ from the Traditional Costing System ?
- (b) A company produces two products : M and N. Both the products are produced on the same equipment and use the similar processes. Consider the following data.

	Machine hour per unit	Direct Labour hours per unit	Actual Output (units)	No. of Purchase Orders	No. of Set-ups
Product M	2	4	1,000	80	40
Product N	2	4	10,000	160	60

Cost of the activities :

Volume related Rs. 1,10,000 ; Purchase related Rs. 1,20,000 ; Set up related Rs. 2,10,000.

Calculate the total costs allocated for the products under traditional system and overhead cost per unit under ABC system. 6+9

7. (a) What do you mean by transfer price ?
- (b) What are the principles in determining transfer pricing methods. 5+10
8. Write short notes on **any three** of the following : 5×3
- (a) Cost-Volumn-Profit analysis
- (b) Performance Budgeting
- (c) Responsibility Centre
- (d) Role of management accountant.
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