

2025

COMMERCE (Accounting)

Paper : BCM0500404

( Management Accounting )

Full Marks : 60

Time : 2½ hours

*The figures in the margin indicate full marks  
for the questions*

1. (a) State whether the following statements are True or False : 1×4=4
- (i) Financial Accounting is the base of Management Accounting.
  - (ii) Debt Equity Ratio is a relationship between short-term debt and shareholders fund.
  - (iii) Budgetary control starts with budgeting and ends with control.
  - (iv) Idle time variance is always unfavourable.

(b) Fill in the blanks with appropriate word(s) : 1×4=4

(i) If contribution is greater than fixed cost, the excess is known as \_\_\_\_\_.

(ii) The difference between actual cost and standard cost is known as \_\_\_\_\_.

(iii) Budgetary control is a system of \_\_\_\_\_ cost.

(iv) Management Accounting deals only with that information which is useful to the \_\_\_\_\_.

2. Answer briefly any six of the following questions : 2×6=12

(a) Mention two objectives of Management Accounting.

(b) Define marginal cost.

(c) Mention any two characteristics of good budgeting.

(d) State the meaning of variance analysis.

(e) What is budget manual?

(f) Mention two assumptions of break-even analysis.

(g) State two limitations of ratio analysis.

(h) State the meaning of profit-volume ratio.

(i) What is cash budget?

(j) What are the components of Material Cost Variance?

3. Answer any five of the following questions in short : 4×5=20

(a) Why is the Management Accounting separate discipline other than Cost Accounting?

(b) From the following information, you are required to calculate—

(i) PV ratio;

(ii) profit, when sales are ₹ 20,000;

(iii) new BEP, if selling price is reduced by 20% :

Fixed Cost—₹ 4,000

BEP—₹ 10,000

(c) Calculate capital and fixed assets from the following information :

Current Assets—₹ 3,00,000

Current Ratio—3 : 1

Fixed Assets—60% of the capital

Long-term loan—Nil

- (d) Current Liabilities of a company are ₹ 3,50,000

Its current ratio is 3 : 1 and Acid Test Ratio is 1.75.

Calculate Current Assets, Liquid Assets and Stock of the company.

- (e) Explain the significance of variance analysis.
- (f) Write a short note on Break-even chart analysis.
- (g) State the objectives of Financial Statement Analysis.
- (h) From the following, prepare Common-size income statement :

Particulars	31.03.2023	31.03.2024
Sales	₹ 16,00,000	₹ 20,00,000
Gross Profit	35%	36%
Operating Expenses	10% of GP	10% of GP
Other Income	₹ 16,000	₹ 16,000
Tax Rate	40%	40%

4. Answer any *two* of the following questions :

10×2=20

- (a) Describe the tools and techniques of Management Accounting needed for managerial decision.

- (b) India Ltd. uses standard costing and furnished you the following information :

Standard materials for 700 units of finished products—1000 kg .

Price of materials—₹ 1 per kg

Actual output—210000 units

Opening stock—Nil

Purchase of 300000 kg for ₹ 2,70,000

Closing Stock—20000 kg

Calculate—

- (i) Material Cost Variance;
- (ii) Material Price Variance;
- (iii) Material Usage Variance;
- (iv) Significance of those variances.
- (c) A company sold in two successive periods 7000 units and 9000 units and has incurred a loss of ₹ 10,000 and earned a profit of ₹ 10,000 respectively. The selling price per unit is ₹ 100.
- You are required to calculate—
- (i) P/V Ratio;
- (ii) Fixed Cost;
- (iii) sales at Break-even Point;
- (iv) sales required to earn a profit of ₹ 40,000.

- (d) A company is expecting to have ₹25,000 cash in hand on 1st April, 2024 and it requests you to prepare Cash Budget for three months, April to June 2024. The following information is supplied to you :

Month	Sales ₹	Purchases ₹	Wages ₹	Expenses ₹
February	70,000	40,000	8,000	6,000
March	80,000	50,000	8,000	7,000
April	92,000	52,000	9,000	7,000
May	1,00,000	60,000	10,000	8,000
June	1,20,000	55,000	12,000	9,000

*Other Information :*

- (i) Period of credit allowed by suppliers is two months
- (ii) 25% of sales is for cash and period of credit allowed to customers for credit sales is one month
- (iii) Delay in payment of wages and expenses is one month
- (iv) Income tax ₹25,000 is to be paid in June 2024

- (v) Plant has been ordered to be received and paid in May 2024 for replacement of old one in the same month. The new plant under order will cost ₹90,000, while resale value of old one has been agreed upon and to be received for ₹17,500

- (e) Write short notes on any *two* of the following : 5×2=10
- (i) Essentials for success of a budgetary control system
- (ii) Activity ratio and their uses
- (iii) Purposes of standard costing
- (iv) Margin of safety

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