

PARUL UNIVERSITY
FACULTY OF COMMERCE

M.Com.(Hons.) Regular Exam - Summer 2017– 18

Semester: 2

Date: 09/05/2018

Subject Code: 16201152

Time: 10.30 am to 1.00 pm

Subject Name: Advanced Management Accounting

Total Marks: 60

Instructions:

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Start new question on new page.

Q.1 Do as directed.**A) Multiple choice type questions. (Each of one mark)****(06)**

1. Costs associated with the labour turnover can be categorised into:
 - a) Preventive Costs only
 - b) Replacement costs only
 - c) Both of the above
 - d) Machine costs
2. ABC analysis is an inventory control technique in which:
 - (a) Inventory levels are maintained
 - (b) Inventory is classified into A, B and C category with A being the highest quantity, lowest value.
 - (c) Inventory is classified into A, B and C Category with A being the lowest quantity, highest value
 - (d) Either b or c.
3. A profit centre is a centre
 - (a) Where the manager has the responsibility of generating and maximising profits
 - (b) Which is concerned with earning an adequate Return on Investment
 - (c) Both of the above
 - (d) Which manages cost
4. Fixed cost is a cost:
 - (a) Which changes in total in proportion to changes in output
 - (b) which is partly fixed and partly variable in relation to output
 - (c) Which do not change in total during a given period despite changes in output
 - (d) which remains same for each unit of output
5. Conversion cost includes cost of converting.....into.....
 - (a) Raw material, WIP
 - (b) Raw material, Finished goods
 - (c) WIP, Finished goods
 - (d) Finished goods, Saleable goods
6. Abnormal cost is the cost:
 - (a) Cost normally incurred at a given level of output
 - (b) Cost not normally incurred at a given level of output
 - (c) Cost which is charged to customer
 - (d) Cost which is included in the cost of the product

B) Definitions / One-liners / Terms. (Each of one mark)**(06)**

1. Management Accounting
2. Flexible Budget
3. Absorption Costing
4. Standard Costing
5. Variance
6. Budgeting

Q.2 Answer the following questions. (Each of 04 mark)**(12)**

1. Write a brief note on transfer pricing.
2. Describe the decision making process with the help of Buy or Lease decision.
3. Calculate profit at different sales volumes :

Total fixed cost	Rs. 12000
Selling Prize	Rs. 12 per unit
Variable Cost	Rs. 9 Per unit
What will be the profit when sales are (a) Rs. 60,000 (b) Rs. 1,00,000 ?	

Q.3 Answer the following. (Any Three)

(18)

1. Explain Management Accounting with its nature and scope.
2. Find out (i) P/V ratio, (ii) Fixed Cost (iii) Sales volume to earn a profit of Rs. 40,000
Sales : Rs. 1,00,000
Profit : Rs. 10,000
Variable Cost : 70%

3. What are the different types of budget? Write in brief detail.

4. From the following particulars, compute:

(a) Material cost variance, (b) Material price variance and (c) Material Usage Variance

Quantity of Materials purchased	3000 Units
value of materials purchased	Rs. 9000
Std. Quantity of Materials required per tonne of output	30 Units
Std. Rate of Material	Rs. 2.50 Per Unit
opening stock of materials	Nil
closing Stock of materials	500 Units
output during the period	80 Tonnes

Q.4 Answer the following. (Any two)

(18)

1. What do you think about Management control system? Does it really help management?
2. Write detailed note on :Managerial Decision making Process
3. Distinguish Absorption and Variable Costing.