

PARUL UNIVERSITY
FACULTY OF COMMERCE
M.Com (Hons), Winter 2017 – 18 Examination

Semester: 2

Date: 26/12/2017

Subject Code: 16201152

Time: 10:30am to 1:00pm

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. 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
2. Economic order quantity is that quantity at which cost of holding and carrying inventory is:
 - a) Maximum and equal
 - b) Minimum and equal
 - c) It can be maximum or minimum depending upon case to case.
 - d) Minimum and unequal
3. 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.
4. A profit center is a center _____.
 - a) Where the manager has the responsibility of generating and maximizing profits
 - b) Which is concerned with earning an adequate Return on Investment
 - c) Both of the above
 - d) Which manages cost
5. 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
6. Labour turnover means:
 - a) Turnover generated by labour
 - b) Rate of change in composition of labour force during a specified period
 - c) Either of the above
 - d) Both of the above

B) Write below terms. (Each of one mark)**(06)**

- 1 Variance
- 2 Management Accounting
- 3 Activity Based Costing
- 4 Absorption Costing
- 5 Budgeting
- 6 Management Control System

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

- 1 Explain Management Accounting with its nature and scope.
- 2 Describe the decision making process with the help of Buy or Lease decision.
- 3

Total fixed cost	Rs. 12000
Selling Prize	Rs. 12 per unit
Variable Cost	Rs. 9 Per unit

Calculate profit at different sales volumes :
 What will be the profit when sales are (a) Rs. 60,000 (b) Rs. 1,00,000 ?

- Q.3 Answer the following. (Any Three) (Each of 06 mark) (18)**
- 1 Explain budget in brief detail.
 - 2 Sales : Rs. 1,00,000
Profit : Rs. 10,000
Variable Cost : 70%
Find out (i) P/V ratio, (ii) Fixed Cost (iii) Sales volume to earn a profit of Rs. 40,000
 - 3 How will you explain Activity Based Costing? How it is important?
 - 4 Which are the points to be considered when you deal with: Techniques of performance measurement in divisionalized companies?

- Q.4 Answer the following. (Any two) (18)**
- 1 What do you think about Management control system? Does it really help management?
 - 2 Distinguish Absorption and Variable Costing.
 - 3 Calculate the labour variances from the following information:
Standard Wages :
Grade X : 90 Labourers @ Rs. 2 per hour
Grade Y : 60 Labourers @ Rs. 3 per hour
Actual Wages :
Grade X : 80 Labourers @ Rs. 2.50 per hour
Grade Y : 70 Labourers @ Rs. 2.00 per hour
Budgeting Hours : 1,000 Actual Hours: 900
Standard Loss : 20%
Actual Loss : 900 units