63/1 (SEM–3) CC7/BBAHC3076

2023

BUSINESS ADMINISTRATION

Paper : BBAHC3076

(Management Accounting)

Full Marks : 80
Pass Marks : 32

Time : 3 hours

The figures in the margin indicate full marks for the questions

1. Choose the correct answer (any *six*) : 1×6=6

(a) What is the primary focus of management accounting?

(i) Historical financial reporting

(ii) Future-oriented decision-making

(iii) Tax compliance

(iv) Cost control

(b) What is the primary purpose of cost accounting?

(i) To prepare financial statements

(ii) To record historical costs

(iii) To control and manage costs

(iv) To evaluate the financial performance of competitors

(c) Which of the following is an element of cost in the context of cost accounting?

(i) Market demand

(ii) Selling price

(iii) Direct material

(iv) Productivity index

(d) In cost-volume-profit analysis, what does the 'margin of safety' indicate?

(i) The difference between selling price and variable cost

(ii) The level of sales above the break-even point

(iii) The total fixed costs

(iv) The highest possible profit level

(e) What is the primary purpose of a cash budget in budgetary control?

(i) Evaluating the company's overall financial performance

(ii) Projecting sales revenues

(iii) Managing cash flow

(iv) Tracking fixed cost

(f) What is the primary objective of using standard costs in standard costing?

(i) To increase costs in production

(ii) To create flexibility in budgeting

(iii) To measure variances and assess performance

(iv) To calculate contribution margins

(g) What happens to the break-even point if a company's fixed costs increase?

(i) The break-even point decreases

(ii) The break-even point remains the same

(iii) The break-even point increases

(iv) The break-even point cannot be affected by changes in fixed costs

(h) Which of the following is an example of a variable cost in a manufacturing company?

(i) Rent for the factory building

(ii) Salaries of production supervisors

(iii) Cost of raw materials

(iv) Property taxes

(i) What is an opportunity cost in the context of cost analysis?

(i) A cost that is explicitly paid by a company

(ii) The cost of forgoing the next best alternative when making a decision

(iii) A cost that is constant and does not change

(iv) A cost that is not relevant in decision-making

(j) Which of the following is an example of a sunk cost?

(i) Future research and development expenses

(ii) A non-refundable deposit paid for a cancelled event

(iii) The cost of new equipment

(iv) Variable manufacturing costs

2. Answer any *five* of the following questions : 2×5=10

(a) What is cost control?

(b) What is cost reduction?

(c) What is budget?

(d) What is direct cost?

(e) What is an overhead?

(f) What is indirect cost?

(g) What is marginal cost?

3. Answer any *six* of the following questions : 5×6=30

(a) Discuss the key components of cost-volume-profit (CVP) analysis.

(b) Explain the role of budgetary control in financial management.

(c) Describe the advantages of standard costing in cost management.

(d) Explain the meaning of material, labour, overhead and sales variances in the context of standard costing.

(e) Discuss the role of management accounting in supporting strategic decision-making within an organization.

(f) Discuss overhead allocation and overhead apportionment.

(g) Explain how cost sheets are structured and used to analyze the cost structure of a product or service.

(h) Discuss how break-even analysis can be used to make-decisions regarding pricing, production volume and cost control.

(i) Compare fixed budgets and flexible budgets.

(j) Describe the disadvantages of standard costing in cost management.

4. Answer any *two* of the following questions : 10×2=20

(a) Describe the various types of budgets used in organizations.

(b) Discuss how managers can use standard costing information to make decisions related to pricing, product profitability, cost control and resource allocation.

(c) Discuss variance analysis.

(d) *XYZ* Company manufactures and sells a single product. The following information is available for the company's operations :

Selling price per unit—₹ 50
Variable cost per unit—₹ 30
Total fixed costs—₹ 15,000
Actual sales volume—1200 units

Calculate—

(i) Contribution margin per unit;

(ii) Total contribution margin;

(iii) Break-even point in units;

(iv) Break-even sales revenue.

2+2+3+3=10

5. Answer any *one* of the following questions : 14

(a) Provide an overview of cash budgeting and its importance in financial management.

(b) Explain the key elements that make-up a cost sheet.

(c) Discuss the types of overheads.

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