

Roll No. ....

**BBA-603**

**B. B. A. (Sixth Semester)  
EXAMINATION, May, 2012**

**Paper Third**

**MANAGEMENT ACCOUNTING**

*Time : Three Hours ]*

*[ Maximum Marks : 75*

**Note : Attempt all questions. All questions carry equal marks.**

1. "The main objective of Management Accounting is to assist managers in forecasting, planning, organisation, co-ordination and control of the activities of a business organisation." Elucidate this statement and discuss the advantages of management accounting.
2. Define marginal cost and marginal costing. What are the advantages and limitations (if any) of marginal costing system ?

*Or*

In the year 2011-12 X Ltd. sold 10000 units of the product manufactured by it @ 100 per unit. The variable costs of production are ₹ 60 per unit and fixed costs are ₹ 3,00,000. You are required to calculate the following from the above information :

- (a) Total contribution and contribution per unit.

**P. T. O.**

- (b) Profit volume ratio
  - (c) Break-even point in units and in ₹.
  - (d) Margin of safety in units and in ₹.
  - (e) Sales volume in units and in ₹ to earn a profit of ₹ 1,60,000.
3. How will you distinguish between standard costing and budgetary control system ? What are the advantages of standard costing system ?

Or

The standard material cost for 100 kgs of Chemical D is made up of the following :

Chemical A 30 kgs @ ₹ 4 per kg.

Chemical B 40 kgs @ ₹ 5 per kg.

Chemical C 80 kgs @ ₹ 6 per kg.

In a batch 500 kgs of Chemical D were produced from a mix of :

Chemical A 140 kgs @ ₹ 4.20 per kg

Chemical B 220 kgs @ ₹ 4.80 per kg

Chemical C 240 kgs @ ₹ 12.00 per kg

From the above calculate the following material variances :

- (a) Material Price Variance
- (b) Material Usage Variance
- (c) Material Sub-usage Variance
- (d) Material Mix Variance
- (e) Material Cost Variance

4. Define uniform costing. What are the areas of uniformity for success of uniform costing system ? Explain the advantages of uniform costing.

Or

The following statement is given to you which has been prepared from financial statements of LSL Limited for the year 2010-11 and 2011-12. You are required to calculate the following ratios giving purchase of each ratio :

- Currnet Ratio
- Liquidity Ratio
- Debtors Turnover Ratio
- Fixed Assets to Net Worth Ratio
- Inventory Turnover Ratio

	2010-11 (₹)	2011-12 (₹)
<i>Assets :</i>		
Cash at Bank	15,38,000	26,02,000
Trade Debtors	11,26,000	11,71,000
Stock-in-Hand	56,16,000	49,46,000
Fixed Assets less Depreciation	21,72,000	21,98,100
	<u>3,00,00,000</u>	<u>3,07,00,000</u>
<i>Liabilities and Capital :</i>		
Creditors	20,00,000	16,00,000
Bill Payable	12,75,000	6,50,000
Debentures	1,00,00,000	1,00,00,000
Reserves and Surplus	67,25,000	84,50,000
Paid-up Capital	1,00,00,000	1,00,00,000
	<u>3,00,00,000</u>	<u>3,07,00,000</u>
Sales	<u>1,80,00,000</u>	<u>1,95,00,000</u>

P. T. O.