

Roll No.

Total No. of Pages : 03

Total No. of Questions : 17

**M. Com. (2019Batch) (Sem.-2)**  
**MANAGEMENT AND COST ACCOUNTING**  
**Subject Code : MCOP-202-18**  
**M.Code : 75932**

Time : 3 Hrs.

Max. Marks : 60

**INSTRUCTIONS TO CANDIDATES :**

1. SECTION-A contains EIGHT questions carrying TWO marks each and students has to attempt ALL questions.
2. SECTION-B consists of FOUR Subsections : Units-I, II, III & IV. Each Subsection contains TWO questions each carrying EIGHT marks each and student has to attempt any ONE question from each Subsection.
3. SECTION-C is COMPULSORY and consist of ONE Case Study carrying TWELVE marks.

**SECTION-A**

**Write short notes on the followings :**

- Q.1 ABC inventory control
- Q.2 Last -in -first out method.
- Q.3 Angle of incidence
- Q.4 Material cost variance
- Q.5 Uses of management accounting information
- Q.6 Flexible vs. fixed budget
- Q.7 Performance budgeting
- Q.8 Turnover ratios

## SECTION-B

### UNIT-I

- Q.9 Define Economic Order Quantity (EOQ). How can it be computed? What are the limitations of EOQ model?
- Q.10 What do you understand by factory overheads? Describe how costs are allocated under the direct method, the step method, and the algebraic method.

### UNIT-II

- Q.11 What is zero base budgeting? What are the advantages of zero base approach over traditional approach?
- Q.12 *“The effect of a price increase is always to increase the P/V ratio, to bring down the break-even point and to widen the margin of safety.”* Illustrate.

### UNIT-III

- Q.13 What are the limitations of traditional management accounting? Discuss the new developments in the management accounting.
- Q.14 a) What comparisons should be made in deciding whether or not to accept a one-time order at a price different from the regular sales price?
- b) Specify five areas of business activity that frequently require managerial decision as to policy. Discuss how cost analysis is helpful in decision-making in these areas.

### UNIT-IV

- Q.15 Name three activities in which cash flows are classified as per Accounting Standard - 3(revised). Also give examples of transactions covered in these activities.
- Q.16 What is the importance of ratio analysis? Discuss the importance of the various accounting ratios.

## SECTION-C

### Q.17 Case study :

A firm manufactures product X whose selling price is Rs.10 per unit. The firm has the capacity to produce 10,000 units. The variable costs are Rs.2.50 per unit. Fixed costs are estimated at Rs. 30,000 up to the capacity utilization level of 50%; Rs.36,000 above that level but Rs.42,000 if the level of capacity utilization is 80% or above.

- (a) What is the break-even point?
- (b) What will be the operating profits of the firm, if the levels of capacity utilization are 70%, 80% and 90% respectively?
- (c) What is the level of activity at which the firm can make an operating profit of Rs.18,000?
- (d) What is the margin of safety, if the firm manufactures sells only 6,000 units in a year due to market constraints?
- (e) Management of the firm is advised that, if the selling price is reduced to Rs.9 per unit, sales will go up from 7,000 units to 7,500 units. Is it worthwhile to reduce the selling price?
- (f) Management of the firm is also advised that sale of 7,500 units at the present selling price can also be achieved, if a sum of Rs.5,000 is spent on advertisement. Which alternative - reducing the selling price to Rs.9 per unit or spending Rs.5,000 on advertisement - will generate more profit?

**NOTE : Disclosure of Identity by writing Mobile No. or Making of passing request on any page of Answer Sheet will lead to UMC against the Student.**