

School of Finance and Commerce

Bachelor of Business Administration in Financial Investment Analysis Semester End Examination - Aug 2024

Duration : 180 Minutes
Max Marks : 100

Sem II - H1UA201T - Cost and Management Accounting

General Instructions

Answer to the specific question asked

Draw neat, labelled diagrams wherever necessary

Approved data hand books are allowed subject to verification by the Invigilator

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| 1) | Define management accounting. | K1(2) |
| 2) | Explain the most likely purpose of budgeting. | K2(4) |
| 3) | Write a short note on purchase budget. | K2(6) |
| 4) | Explain important functional budgets prepared by a business. | K3(9) |
| 5) | Elaborate on the interrelation among cost, volume, and profit, emphasizing their interconnected nature in business operations. | K3(9) |
| 6) | Meet & company Ltd. has three divisions each of which makes a different product. The budgeted data for the next year is as follows: | K5(10) |

Division	A Rs	B Rs	C Rs
Sales	1, 12, 000	56, 000	84, 000
Direct material	14, 000	7, 000	14, 000
Direct labor	5, 600	7, 000	22, 400
Variable	14, 000	7, 000	28, 000
Fixed cost 0	28, 000	14, 000	28, 000
Total cost	61, 600	35, 000	92, 400

The management is considering closing down division C. There is no possibility of reducing variable costs. Propose whether or not division C should be closed down.

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| 7) | Specify the process of profit determination under marginal costing, providing a demonstrative example. | K4(12) |
| 8) | Evaluate the mechanism of master budget? How is it prepared? | K5(15) |
| 9) | A company is making a loss of Rs. 40,000 and relevant information is as follows: Sales Rs. 1,20,000; Variable Costs Rs. 60,000; Fixed | K5(15) |

costs Rs. 1,00,000. Loss can be made good either by increasing the sales price or by increasing sales volume. What are Break even sales if (a) Present sales level is maintained and the selling price is increased. (b) If present selling price is maintained and the sales volume is increased. What would be sales if a profit of Rs. 1,00,000 is required ?

- 10) Explore how the implementation of performance budgeting contributes to effective financial management in organizations, examining key prerequisites, features, and steps involved in successfully adopting performance budgeting practices.

K6(18)