PSG COLLEGE OF ARTS & SCIENCE
(AUTONOMOUS)

BCom DEGREE EXAMINATION DECEMBER 2025
(Third Semester)

Branch – **COMMERCE (COST & MANAGEMENT ACCOUNTING)**

MANAGEMENT ACCOUNTING FOR DECISION MAKING

Time: Three Hours Maximum: 75 Marks

SECTION-A (10 Marks)
Answer **ALL** questions
ALL questions carry **EQUAL** marks (10 × 1 = 10)

Module No.	Question No.	Question	K Level	CO
1	1	In which types of organisation management Accounting is suitable? a) Small businesses b) Cooperative Societies c) Non Profit Organisations d) Large Industrial and Trading Concerns	K1	CO1
	2	Management Accounts Analyses Accounting data with the help of a) Tools and Techniques b) Statutory Forms c) Auditors d) None of these	K1	CO1
2	3	In an ABC system, which of the following is likely to be classified as a batch level activity? a) Machine set-up b) Product design c) Inspection of every item produced d) Prodution manager's work	K1	CO2
	4	Plant depreciation is an example of which activity- level group? a) Unit-level activity b) Facility-level activity c) Batch-level activity d) Product-level activity	K1	CO2
3	5	Margin of safety is _____ a) sales at which there is profit b) sales at which there is loss c) Sales in excess of BEP d) None of the above	K1	CO3
	6	Which of the following is also known as P / V ratio? a) Price volume ratio b) Price variance ratio c) Contribution to sales ratio d) Total cost to sales ratio	K1	CO3
4	7	Which of the following is called as standard hours? a)Time taken by workers for production b) Expected number of hours the factory should work c) Output of different kinds expressed in terms of hours d) Time taken to travel to the organisation	K1	CO4
	8	Standard costing is_____. a) Method of costing b) Technique for cost reduction c) Cost control Technique d) None of the above	K1	CO4
5	9	Which of the following is usually a short term budget? a) Capital expenditure budget b) Research and development budget c) Cash Budget d) Sales Budget	K1	CO5
	10	Identify the budget using the classification of fixed and variable cost. a) Master Budget b) Flexible Budget c) Cash Budget d) Capital Budget	K1	CO5

SECTION - B (35 Marks)
Answer **ALL** questions
ALL questions carry **EQUAL** Marks (5 × 7 = 35)

Module No.	Question No.	Question	K Level	CO
1	11.a.	State the nature of management accounting.	K2	CO1
		(OR)		
	11.b.	What are the objectives of management accounting?		
2	12.a.	Explain the steps in ABC system.	K2	CO2

Cont...

		(OR)		
	12.b.	Calculate the various cost Driver Rates. Total Overheads Rs.1,00,000 Costs relating to set ups 50% Cost relating to inspections 50% Number of setups 100 Number of inspections 50		
3	13.a.	Calculate Break-Even Point for the following particulars: Fixed expenses Rs.1,50,000 Variable cost per unit Rs.10 Selling price per unit Rs.15	K2	CO3
		(OR)		
	13.b.	Calculate the P/V Ratios, BEP and Margin of Safety for the following details: Sales Rs. 2,00,000 Variable cost Rs.1,20,000 Fixed expenses Rs. 50,000 Net Profit Rs. 30,000		
4	14.a.	Calculate (i) Material cost variance (ii) Material price variance (iii) Material Usage variance The standard quantity of materials for producing one ton of output is 40 units. The standard price per unit of material is Rs.3. During a particular period 90 tons of output was undertaken. The materials required for actual production were 4,000 units. An amount of Rs.14,000 was spent on purchasing the materials.	K3	CO4
		(OR)		
	14.b.	Calculate labour variance from the following information: Gross wages direct Rs. 28,080 Standard hours produced 8,640 Standard rate per hour Rs 3 Actual hours worked 8,200 hours		
5	15.a.	Prepare the budget for 2020 showing the cost and profit for the following information: A company which supplies its output on contract basis as component to an assembling firm has a contract to supply 10,000 units of its only product during 2020. The following were the budgeted expenses and revenue. Material Rs.15 per unit Wages Rs. 10 per unit Works expenses-Fixed Rs. 40,000 Variable Rs. 4 per unit General expenses (fixed) Rs.60,000 Profit is 20 % on sale price.	K3	CO5
		(OR)		
	15.b.	Prepare a budget for the production of 8,000 units. The expenses for the production of 10,000 units in a factory are given as follows: Per unit Rs. Materials 70 Labour 25 Variable Overheads 20 Fixed Overheads (Rs.1,00,000) 10 Direct variable overheads 5 Administrative expenses (50,000) 5 Selling expenses (15% Fixed) 13 Distribution expenses (20% Fixed) 7 Rs.155		

SECTION -C (30 Marks)

Answer **ANY THREE** questions

ALL questions carry **EQUAL** Marks (3 × 10 = 30)

<table>
<tr><th>Module No.</th><th>Question No.</th><th>Question</th><th>K Level</th><th>CO</th></tr>
<tr><td>1</td><td>16</td><td>What is Management Accounting? Distinguish between Management Accounting and Financial Accounting?</td><td>K3</td><td>CO1</td></tr>
<tr><td>2</td><td>17</td><td>Calculate the overhead absorption rate for both the products using traditional costing method and the Activity Based Costing method.
Bright Engineering Co.Ltd. manufactures two products X and Y in its factory, similar raw material and similar production processes are involved in their production. The following particulars are given for the year 2019.
<table><tr><th></th><th>X</th><th>Y</th></tr><tr><td>No. of units produced</td><td>10,000</td><td>15,000</td></tr><tr><td>No. of orders (total)</td><td>30</td><td>120</td></tr><tr><td>No. of Labour Hours per unit</td><td>2</td><td>4</td></tr><tr><td>Set-ups in the year</td><td>20</td><td>80</td></tr><tr><td>Machine hour per unit</td><td>6</td><td>2</td></tr></table>The Co. incurred total overheads of Rs.11,60,000 during the year. These overheads have been related to Machine activity, set-up activity and Handling orders activity to the extent of Rs.9,00,000, Rs.80,000 and Rs.1,80,000 respectively.</td><td>K3</td><td>CO2</td></tr>
<tr><td>3</td><td>18</td><td>Calculate
(a) P.V. ratio
(b) Margin of Safety
(c) Sales
(d) Variable cost from the following figures:
Fixed cost Rs.12,000; Profit Rs.1,000; Break Even Sales Rs.60,000</td><td>K3</td><td>CO3</td></tr>
<tr><td>4</td><td>19</td><td>Calculate labour variances from the following data:
<table><tr><th></th><th>Standard</th><th>Actual</th></tr><tr><td>Output in units</td><td>2,000</td><td>2,500</td></tr><tr><td>Number of workers employed</td><td>50</td><td>60</td></tr><tr><td>Number of working days in a month</td><td>20</td><td>22</td></tr><tr><td>Average wage per man per month (Rs.)</td><td>280</td><td>330</td></tr></table></td><td>K3</td><td>CO4</td></tr>
<tr><td>5</td><td>20</td><td>Prepare flexible budget for overhead expenses on the basis of the following data and determine the overhead rates at70%, 80% and 90% plant capacity.
<table><tr><th></th><th>At 70% Rs.</th><th>At 80% Rs.</th><th>At 90% Rs.</th></tr><tr><td>Variable Overheads:</td><td></td><td></td><td></td></tr><tr><td>Indirect Labour</td><td>-</td><td>12,000</td><td>-</td></tr><tr><td>Stores including spares</td><td>-</td><td>4,000</td><td>-</td></tr><tr><td>Semi-Variable Overheads:</td><td></td><td></td><td></td></tr><tr><td>Power (30% Fixed, 70% Variable)</td><td>-</td><td>20,000</td><td>-</td></tr><tr><td>Repairs and Maintenance (60% Fixed, 40 % Variable)</td><td>-</td><td>2,000</td><td>-</td></tr><tr><td>Fixed Overheads:</td><td></td><td></td><td></td></tr><tr><td>Depreciation</td><td>-</td><td>11,000</td><td>-</td></tr><tr><td>Insurance</td><td>-</td><td>3,000</td><td>-</td></tr><tr><td>Salaries</td><td>-</td><td>10,000</td><td>-</td></tr><tr><td></td><td>-</td><td>62,000</td><td>-</td></tr></table>Estimated direct labour hours: 1,24,000 Hrs.</td><td>K3</td><td>CO5</td></tr>
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