TUTOR MARKED ASSIGNMENT

COURSE CODE	**:**	**BCOE-142**
COURSE TITLE	**:**	**MANAGEMENT ACCOUNTING**
ASSIGNMENT CODE	**:**	**BCOE-142/TMA/2026-27**
COVERAGE	**:**	**ALL BLOCKS**

Maximum Marks: 100

Note: Attempt all the questions.

Section – A

1) Discuss the nature and scope of management accounting. **(10)**

2) From the following particulars compute leverage ratios: **(10)**

Liabilities	**Rs.**	**Assets**	**Rs.**
Equity Share Capital	40,000	Land	22,000
8% Preference Share Capital	20,000	Building	24,000
Reserves	10,000	Plant and Machinery	38,000
Profit and Loss Account	5,000	Furniture	5,000
10% Debentures	45,000	Sundry Debtors	22,000
Trade Creditors	9,000	Stock	13,000
Outstanding Expenses	2,000	Prepaid expenses	2,000
Cash	14,000		
Provision for Taxation	3,000		
Proposed Dividend	6,000		
Total	1,40,000	**Total**	1,40,000

3) What is meant by direct labour cost variance? Explain with the help of a suitable illustration. **(10)**

4) Explain the application of marginal costing in managerial decision making. **(10)**

5) A 10 per cent increase in production and sales leads to more than 10 percent increase in profit' Explain. **(10)**

Section – B

6) A product made from raw materials X and Y has the following standard mix: **(6)**

Standard mix:

Material	Quantity (Kg.)	Price (Rs.)	Amount (Rs.)
A	2	2.00	4.00
B	8	1.00	8.00
	10		12.00

Actual mix:

Material	Quantity (Kg.)	Price (Rs.)	Amount (Rs.)
A	8	2.00	16.00
B	4	1.25	5.00
	12		21.00

Compute Material Mix Variance.

7) What are the financial statements? How far are they useful for decision-making purposes? **(6)**

8) What is a sales budget? How is it prepared? **(6)**

9) "A budget is a means and budgetary control is the end result". Explain. **(6)**

10) Write a detailed note explaining the advantages and limitations of standard costing. **(6)**

Section – C

11) **Distinguish between the following:** **(2x5)**

(a) Cost Control and Cost Reduction

(b) Fixed and Flexible Budget

12) **Write short notes on the following:** **(2x5)**

(a) Budgetary Control

(b) Differential Costing

1) Discuss the nature and scope of management accounting. (10)

Answer

Management accounting is the process of identifying, measuring, analysing, interpreting and communicating accounting and other relevant information to managers for planning, controlling operations and making decisions. It converts financial and cost data into forward-looking information suitable for particular management problems. Unlike financial accounting, which chiefly communicates historical results to outside parties, management accounting is designed primarily for internal users and may employ both monetary and non-monetary measures.

Nature and characteristics of management accounting

• **Management-oriented:** Its central purpose is to help managers choose courses of action, allocate resources, improve efficiency and achieve organisational objectives. An analysis is useful only when it contributes to a managerial decision.

• **Future-focused but historically informed:** Past accounts and operating records provide a base, but budgets, forecasts, relevant-cost comparisons and scenario analyses point towards future action.

• **Selective and flexible:** It presents only the information that matters for a specified purpose. Reports may cover a product, customer, machine, department, period or decision, instead of the entire enterprise.

• **Interdisciplinary:** It draws from financial accounting, cost accounting, statistics, economics, quantitative techniques, operations research and behavioural science. For example, demand forecasts may be combined with unit contribution data.

• **Both financial and non-financial:** Alongside revenue, cash flow and cost, it considers utilisation, defect rates, delivery time, employee productivity, customer retention and other performance indicators.

• **Analytical and interpretative:** The manager needs reasons and implications, not just totals. A variance report should distinguish changes in input prices from changes in efficiency and identify issues warranting action.

• **Not bound by a single statutory reporting format:** Internal reports may be prepared daily, weekly or for a specific project. Their design emphasises relevance, timeliness and comparability rather than legal publication requirements.

• **Decision-oriented rather than merely record-keeping:** It examines alternatives and their consequences, using relevant and incremental costs rather