VIDYA VIKAS MANDAL'S

SHREE DAMODAR COLLEGE OF COMMERCE & ECONOMICS

Margao - Goa

Second Year BBA (Financial Services), Semester IV, Semester-End Assessment, April 2017

MANAGEMENT ACCOUNTING

Duration: 2 hours | Max. Marks: 60

Instructions:

- *Figures to the right indicate maximum marks.*
- *Answer any FIVE from question 1 to question 7.*

Q1. Write a short note on any THREE of the following: - **(3*4=12 marks)**

a. Cost Volume Profit Analysis
b. Absorption Costing
c. Cash Budget
d. Margin of Safety

Q2.

a. The sales manager of Mahindra & Co Ltd reports that next year he expects to sell 50,000 units of a certain product. The production manager consults the storekeeper and casts his figures as follows:-

Two kinds of material, A and B are required for manufacturing the product. Each unit of the product requires 2 kg of A and 3 kg of B. The estimated opening balances at the commencement of the next year are:-

Finished Product	1000 units
Material A	12000 kg
Material B	15000 kg

The desirable closing balances at the end of the next year are: finished product-14000 units; Material A-13000 kg and Material B- 16000 kg. Draw up a Material Purchase Budget of the next year. **(08 marks)**

b. Explain any two characteristics of Management Accounting. **(04 marks)**

Q3.

a. The following sales mixes are capable of achievement in the factory.

I. 2000 units of product A and 2000 units of product C.
II. 4000 units of product B
III. 1000 units of product A, 2000 units of product B and 1600 units of product C.

Cost per unit is as follows:

	PRODUCT A	PRODUCT B	PRODUCT C
Direct Material (Rs.)	20	16	40
Direct Wages (Rs.)	8	10	20

- Fixed cost is Rs.20000/- and variable overhead per unit of A, B and C are Rs.2/-, Rs.4/- and Rs.8/- respectively.
- Selling price of A, B and C are Rs.36/-, Rs.40/- and Rs.100/- per unit respectively.

Determine the Marginal Contribution per unit of A, B and C and profits resulting from product mixes I, II and III. **(08 marks)**

b. Explain any TWO advantages of Standard Costing. **(04 marks)**

Q4.

a. A furniture company uses sunmica tops for tables. It provides the following data:

standard quantity of sunmica tops per table	4 sq. ft.
actual production of table	1000
standard price of sunmica per sq. ft.	Rs.5/-
sunmica actually used	4300 sq. ft.
actual purchase price of sunmica per sq. ft.	Rs.5.50/-

Calculate the following using the above information:

i. Material Cost Variance
ii. Material Price Variance
iii. Material Usage Variance **(06 marks)**

b. Discuss the functions of Management Accounting. **(06 marks)**

Q5.

a. The following information is given:

	BUDGETED	ACTUALS
Output (units)	20000	19000
Hours	5000	4500
Overhead	10000	10500

Calculate

i. Variable Overhead Cost Variance
ii. Expenditure Variance
iii. Efficiency Variance **(06 marks)**

b. State and explain the types of budgets. **(06 marks)**

Q6.

a. A company is expecting to have Rs.25000/- cash in hand on 1st April 2017 and requires you to prepare cash budget for 3 months, April to June 2017. The following information is given:

Month	Sales (Rs)	Purchases(Rs)	Wages (Rs)	Expenses (Rs)
February	70000	40000	8000	6000
March	80000	50000	8000	7000
April	92000	52000	9000	7000
May	100000	60000	10000	8000
June	120000	55000	12000	9000

Other Information:

i. Period of credit allowed by the suppliers is two months

ii. 25% of the sale is for cash and period of credit allowed to customers for credit sales is one month.

iii. Delay in payment of wages and expenses is one month

iv. Income tax Rs.25000/- is to be paid in June 2007. **(08 marks)**

b. Write a short note on "Break Even Analysis". **(04 marks)**

Q7.

a. Calculate P/V ratio in each of the following independent cases:

i. Variable cost Rs 60/-, Contribution Rs.40/-.

ii. Sales Rs.20/-, Variable cost Rs. 15/-.

iii. Ratio of Variable cost to sale is 84%.

iv. Profit Rs.5000/-, Sales Rs.25000/-, Fixed cost Rs.8000/-.

v. Year I sales Rs.50000/-, Total cost Rs.40000/-; Year II sales Rs.60000/-, Total cost Rs.45000/-. **(08 marks)**

b. Differentiate between Management Accounting and Cost Accounting. **(04 marks)**