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SHREE DAMODAR COLLEGE OF COMMERCE & ECONOMICS

Margao - Goa

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

MANAGEMENT ACCOUNTING

Duration: 3 hour **Max. Marks: 60**

Instructions:

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

Q1.

a. Discuss the assumptions underlying Break Even Analysis. **(06 marks)**

b. State and explain the functions of Management Accounting. **(06 marks)**

Q2.

a. What do you understand by the term "Plant Shutdown"? Explain the types of shutdown decisions. **(06 marks)**

b. Discuss the advantages of standard costing. **(06 marks)**

Q3.

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

b. The standard cost card shows the following details relating to material needed to produce 1 kg of groundnut oil.

Quantity of groundnut oil required	3kg
price of ground	Rs.250 per kg
Actual data	
Production during the month	1000 kg
Quantity of the material used	3500 kg
Price of groundnut	Rs.3 per kg.

Calculate the following:

i. Material Cost Variance

ii. Material Price Variance **(04 marks)**

c. The following information is given:

Standard hour per unit	5 hours
Standard Rate	Rs.4/- per hour
Actual Data	
Actual Production	1000 units
Actual Hours	15300 hours
Actual Rate	Rs.3.90/- per hour

Calculate:

i. Labour Cost Variance

ii. Labour Rate Variance **(04 marks)**

Q4.

a. Explain the merits of Management Accounting. **(04 marks)**

b. Following information is given:

Standard Output	500 units
Actual Output	450 units
Standard Time	1000 hours
Standard Rate	Rs.20/- per hour

Calculate Labour Rate Variance. **(04 marks)**

c. From the information provided calculate Overhead Cost Variance. **(04 marks)**

Budgeted Output	10000 units
Budgeted Hours	10000 hours
Budgeted Overheads	Rs.20000/-
Actual Output	12000 units

Q5.

a. Draw up a flexible budget for overhead expenses on the basis of the following data and determine the overhead rates at 70%, 80% and 90% plant capacity. **(08 marks)**

Variable Overheads	**At 80% Capacity (Rs.)**
Indirect Labour	12000/-
Stores including Spares	4000/-
Semi Variable Overheads	
Power (30% fixed and 70% variable)	20000/-
Repairs and Maintenance (60% fixed and 40% variable)	2000/-
Fixed Overheads	
Depreciation	11000/-
Insurance	3000/-
Salaries	10000/-
Total Overheads	62000/-
Estimated Direct Labour Hours	124000 hours

b. Write a short note on "Margin of Safety". **(04 marks)**

Q6.

a. The expenses budget for production of 10000 units in a factory are furnished below:

	Per Unit (Rs)
Material	70/-
Labour	25/-
Variable Overhead	20/-
Fixed Overhead (Rs. 100000/-)	10/-
Variable Expenses (direct)	5/-
Selling Expenses (10% fixed)	13/-
Distribution Expenses (20% fixed)	7/-
Administrative Expenses (Rs.50000/-)	5/-
Total	**155/-**

Prepare a budget for production of (a) 8000 units and (b) 6000 units. Assume that administrative expenses are rigid for all levels of production. **(08 marks)**

b. Write a short note on "Absorption Costing". **(04 marks)**

Q7.

a. A company manufactures three products. The budgeted quantity, selling prices and unit cost are as under:

	A (Rs)	B (Rs)	C(Rs)
Raw Material (Rs.20 per Kg)	80	40	20
Direct wages (Rs.5 per Kg)	5	15	10
variable overhead	10	30	20
Fixed overhead	9	20	18
Selling Price per unit (in Rs)	140	120	90

You are required to prepare:

i. Present statement of budgeted Profits

ii. Set optimal product mix and determine the profit if the supply of raw material is restricted to 18400 Kg. **(12 marks)**