Vidya Vikas Mandal's

#Shree Damodar College of Commerce & Economics, Margao-Goa*

S Y. BBA (FS), Semester IV, End Semester Examination, April 2016

MANAGEMENT ACCOUNTING

Timing: 2 Hours **Max.Marks:60**

Instructions:

- *Figures to the right indicate maximum marks*
- *Start each new question on a fresh page*
- *Question **ONE** compulsory*
- *Answer any **FOUR** questions from **Q2 to Q6***

Q1. Answer the following questions:-

a) Distinguish between Absorption costing and Marginal Costing. **(03)**

b) State and Explain the classification of budget. **(05)**

c) Explain the advantages of budgetary control. **(04)**

Q. 2. The standard material cost to produce one tonne of chemical X is:

- 300 kg of material A @ Rs. 10 per kg.
- 400 kg of material B @ Rs. 5 per kg.
- 500 kg of material C @ Rs. 6 per kg.
- Loss is 20,000 kg.

During a period, 100 tonnes of chemical X were produced from the usage of:

- 35 tonnes of material A at a cost of Rs. 9,000 per tonne
- 42 tonnes of material B at a cost of Rs. 6,000 per tonne
- 53 tonnes of material C at a cost of Rs. 7,000 per tonne
- Loss is 30,000 kg.

Calculate: Material Cost Variance, Material Price Variance, Material Usage Variance, Material Mix Variance and Material Yield Variance. **(12)**

Q.3. Prepare a Cash Budget for the three months ending 30^{th} June, 2016 from the information given below: **(12)**

Month	Sales (Rs.)	Materials (Rs.)	Wages (Rs.)	Overheads (Rs.)
February	14,000	9,600	3,000	1,700
March	15,000	9,000	3,000	1,900
April	16,000	9,200	3,200	2,000
May	17,000	10,000	3,600	2,200
June	18,000	10,400	4,000	2,300

1) Credit terms are:-

Sales and Debtors-10% of sales are on cash, 50% of the credit sales are collected next month and the balance in the following month.

Creditors: Material – 2 months, Wages-1/4 month, Overheads-1/2 month.

2) Cash and Bank balance as on 1st April, 2016 is expected to be Rs. 6,000.

3) Plant and Machinery will be installed in February 2016 at the cost of Rs. 96,000 for which monthly instalment of Rs. 2,000 is payable from April onwards.

4) Dividend @ 5% on Preference shares Capital of Rs.2, 00,000 will be paid on 1st June.

5) Advance to be received for sale of vehicle of Rs. 9,000 in June.

6) Dividends from investments amounting to Rs. 1,000 are expected to be received in June.

7) Income Tax (advance) to be paid in June is Rs. 2,000.

Q.4. Draw up a flexible budget for the overhead expenses on the basis of the following data and determine the overhead rates at 70%, 80% and 90% plant capacity. **(12)**

PARTICULARS	At 80% Capacity (Rs)
Variable Overheads:	
Indirect Labour	12,000
Stores including spares	4,000
Semi-Variable Overheads:	
Power (30% fixed, 70% variable)	20,000
Repairs & Maintenance (60% fixed, 40% variable)	2,000
Fixed Overheads:	
Depreciation	11,000
Insurance	3,000
Salaries	10,000
Total Overheads	**62,000**
Estimated direct labour hours	1,24,000 hours

Q.5. The standard labour employment and the actual labour engaged in a week for a job are as follows:-

Particulars	Skilled workers	Semi skilled workers	Unskilled workers
Standard number of workers in gang	32	12	6
Actual number of workers employed	28	18	4
Standard wage rate per hour	3	2	1
Actual wage rate per hour	4	3	2

During the 40 hours working week, the gang produced 1800 standard hours of work. Calculate Labour Cost Variance; Labour Rate Variance; Labour Efficiency Variance; Labour Mix Variance; Labour Yield variance.

Q.6. a. Attempt the following:- **(06)**

Particulars	Amount(Rs)
Fixed Cost	4,500
Variable Cost	7,500
Sales	15,000
Units sold	5,000 units

Calculate: -

1. Contribution
2. Break Even Point (in units)
3. Break Even Point (in Rs.)
4. Margin of Safety
5. Profit
6. Volume of sales to earn profits of Rs. 6,000/-.

b. A Company purchased 20,000 bells per annum from an outside supplier at Rs 5/- each. The management feels that these be manufactured and not purchased. A machinery costing Rs. 50,000 is required to manufacture. The said machinery has an annual capacity of 30,000 units and a life of 5 years.
The following information is given:

- Material cost per bell will be Rs. 2
- Labour cost per bell will be Rs. 1
- Variable Overhead is 100% of labour cost.

You are required to advice whether: **(06)**

i. The company should continue to purchase the bells from the outside supplier or should make them in the factory?

ii. The company should accept an order to supply 5000 bells to the market at the selling price of Rs.4.50 per unit.

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