

**VVM'S SHREE DAMODAR COLLEGE OF COMMERCE & ECONOMICS**  
**S.Y.BBA(FS), SEMESTER IV, SEMESTER END ASSESSMENT, Repeat October 2018**  
**SUBJECT: MANAGEMENT ACCOUNTING**

**TIMING: 3 HOURS**

**MARKS: 60**

**Important Instructions:**

- All questions are compulsory
- Start each question on a fresh page
- Figure to the right indicate maximum marks

**Q1. Write a short note on any four of the following: (4 x 3 Marks) ... 12 Marks**

- a. Zero based budgeting
- b. Break even analysis
- c. Master budget
- d. Marginal costing – as a tool for decision making
- e. Production budget

**Q2. a) Give point of distinction between Financial accounting and Management Accounting. ... 12 Marks**

**OR**

**x) Discuss the benefits and functions of management accounting. ... 12 Marks**

**Q3.a) A company expects to have Rs. 37,500 cash in hand on 1<sup>st</sup> April 2017. Prepare a cash budget for the three months (April – June) on the basis on following information.**

Months	Sales (Rs.)	Purchases (Rs.)	Wages (Rs.)	Factory Expenses (Rs.)	Office Expenses (Rs.)	Selling Expenses (Rs.)
February	75,000	45,000	9,000	7,500	6,000	4,500
March	84,000	48,000	9,750	8,250	6,000	4,500
April	90,000	52,000	10,500	9,000	6,000	5,250
May	1,20,000	60,000	13,500	11,250	6,000	6,570
June	1,35,000	60,000	14,250	14,000	7,000	7,000

**Other information:**

- i. Period of credit allowed by suppliers – 2 months
- ii. 20% of sales is for cash and period of credit allowed to customers is one month.
- iii. Delay in payment of all expenses in one month.
- iv. Income tax of Rs. 57,500 is due to be paid on 15<sup>th</sup> June
- v. The company is pay dividend to shareholders of Rs. 15,000 and Bonus of Rs. 22,500 in the month of April. ... 08 Marks

**b) Discuss the advantages of budgetary control system. ... 04 Marks**

**OR**

**x) Prepare a flexible budget at 80% and 100% activity showing cost per unit on the basis of following data at 60% activity.**

Production at 60% capacity	600 units
Materials	Rs. 120/- per unit
Labour	Rs. 50/- per unit
Expenses	Rs. 20 per unit
Factory expenses	Rs. 60,000 (40% fixed)
Administration expenses	Rs. 40,000 (60% fixed)

... 08 Marks

y) What is flexible budget? Give suitable example.

... 04 Marks

04. a) The following information is provided by TATU Limited for the year ended 31st March, 2016:

Particulars	First 6 Months (Rs.)	Last 6 Months (Rs.)
Sales	54,00,000	60,00,000
Total Cost	48,00,000	51,60,000

You are required to calculate:

- P/V Ratio
- Fixed Cost for the year
- Break-even Point for the year
- Margin of Safety
- Profit earned when sales are Rs. 1,50,00,000
- Sales required to earn a profit of Rs. 20,00,000

... 8 Marks

b) Give any two points of distinction between marginal and absorption costing. ... 4 Marks

OR

x) What is standard costing? Explain different types of variances under standard costing.

... 8 Marks

y) The production manager of Murliwala Limited, while reviewing the order for 15000 Units at Rs. 75 each unit, found that he gets more than the cost incurred to produce them and he presented the following supporting data:

Particulars	Before accepting the order (Rs.)	After accepting the order (Rs.)
Variable cost	62,50,000	66,00,000
Fixed cost	1,12,50,000	1,21,62,000
Total cost	1,75,00,000	1,87,62,000
Cost per unit (Rs.)	70	70.80

You are required to analyse the above data and advice whether production manager has to accept an order or not. ... 4 Marks

Q5. a) The standard material cost for a mix of one tonne of final product is based on the following:

Material	Usage (kg.)	Price per kg (Rs.)
A	250	12
B	450	15
C	600	20



During the month of May, 2016, 12 tonnes of final product were produced from the following:

Material	Usage (tonnes)	Cost (Rs.)
A	3500	45500
B	6100	85400
C	6500	143000

You are required to calculate the following:

- i) Material Cost Variance
- ii) Material Price Variance
- iii) Material Usage Variance
- iv) Material Mix Variance
- v) Material Yield Variance

... 12 Marks

OR

x) On the basis of following information:

Standard time for the job : 800 hours

Standard rate per hour : Rs.60

Actual wages paid : Rs.50688

Actual rate per hour : Rs.64

You are required to calculate the following:

- (i) Labour Cost Variance
- (ii) Labour Rate Variance
- (iii) Labour Efficiency Variance

... 6 Marks

y) State the advantages of standard costing.

... 6 Marks

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