VidyaVikasMandal's

Shree Damodar College of Commerce & Economics, Margao- Goa

Second Year BBA (FS) – Semester IV

Semester End Examination, April 2015

MANAGEMENT ACCOUNTING

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

Instructions:

- *Figures to the right indicate maximum marks*
- *Start each new question on a fresh page*
- *Answer any five Questions*

Q1.

a) Distinguish between Financial Accounting and Management Accounting. **(06)**

b) What is responsibility centre? Explain the types of responsibility centre. **(06)**

Q.2. The standard mix to produce one unit of product is as follows: **(12)**

Raw material	Units	Amount (Rs)
Material A	60 units @ Rs.15 per unit	900
Material B	80units @ Rs. 20 per unit	1,600
Material C	100 units @ Rs.25 per unit	2,500
Total	**240 units**	**Rs.5,000**

During the month of July, 10 units were actually produced and consumption was as follows:

Raw material	Units	Amount (Rs)
Material A	640 units @ Rs. 20 per unit	11,200
Material B	950 units @ Rs. 15 per unit	17,100
Material C	870 units @ Rs. 30 per unit	23,925
Total	**2460 units**	**Rs.52225**

Calculate: Material Cost Variance, Material Price Variance, Material Usage Variance, Material Mix Variance and Material Yield Variance.

Q.3

a) Attempt the following: **(06)**

A company had incurred fixed expenses of Rs. 4,50,000, with a sales of Rs. 15,00,000 and earned a profit of Rs.3,00,000 during the first half year. In the second half, it suffered a loss of Rs. 1, 50,000/-.

Calculate:

i. The contribution, profit-volume ratio, break-even point and margin of safety for the first half year.

ii. Expected sales volume for the second half year assuming that the selling price and fixed expenses remained unchanged during the second half year.

iii. The break-even point and margin of safety for the whole year.

b) Attempt the following:

(06)

A manufacturing company finds that while the cost of making a component part is Rs.10, the same is available in the market at Rs.9, with an assurance of continuous supply.

i. Give your suggestion whether to make or buy this component part.

ii. Give also your views in case the supplier reduces the price from Rs. 9 to Rs.8.

The cost information is as under:

Particulars	Amount(Rs.)
Material	3.50
Direct Labour	4.00
Other Variable expenses	1.00
Fixed Expenses	1.50

Q.4. Draw up a flexible budget for the overhead expenses on the basis of the following data and determine the overhead rates at 50%, 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 hrs

Q.5. The details regarding the composition and the weekly rate of the labour force engaged on the job scheduled to be completed in 30 weeks are as follows: **(12)**

Category of Workers	Standard		Actual	
	No. of Workers	**Weekly wage rate per Worker**	**No. of Workers**	**Weekly wage rate per Worker**
Skilled	75	60	70	70
Semi-Skilled	45	40	30	50
Unskilled	60	30	80	20

The Work is actually completed in 32 weeks.

Calculate:

a. Labour Cost Variance.
b. Labour Rate Variance.
c. Labour Efficiency Variance.
d. Labour Mix Variance.
e. Labour Revised Efficiency Variance.

Q.6. The following data relate to Bookhive Ltd, you are required to prepare Cash Budget for the month of April, May and June 2015 **(12)**

The finance manager has made the following sales forecasts for the first five months of the coming year, commencing from 1st April 2015:

Month	**Sales(Rs.)**
April	40,000
May	45,000
June	55,000
July	60,000
August	50,000

Other Data:

a) Debtors and creditors balance at the beginning of the year are Rs. 30,000 and Rs. 14,000 respectively. The balance of other relevant assets and liabilities are:

Opening Balance	**Amount (Rs.)**
Cash Balance	7,500
Stock	51,000
Accrued Sales commission	3,500

b) 40% sales are on cash basis, credit sales are collected in the month following the sales.

c) 5% commission to sales agent is paid in a month after it is earned.

d) Fixed costs are Rs. 5,000 per month including Rs. 2,000 depreciation.

Q.7. The following data has been collected from the records of a unit for computing the various fixed overhead variances for a period: **(12)**

Particulars	**Amount(Rs.)**
Number of budgeted working days	25
Budgeted man hours per day	6,000
Output (Budgeted) per man hour (in units)	1
Fixed overhead cost as budgeted	1,50,000
Actual number of working days	27
Actual man hours per day	6,300
Actual output per man hour (in units)	0.9
Actual fixed overhead incurred	1,56,000

Calculate fixed overhead variances:

a) Expenditure variance
b) Calendar variance
c) Capacity variance
d) Efficiency variance
e) Volume variance
f) Fixed cost variance

****