

Seat No. : _____

MP-106

March-2019

B.B.A., Sem.-VI

CC-312 : Management Accounting

Time : 2:30 Hours]

[Max. Marks : 70

Instructions : (1) Figure to the right indicate marks.
(2) Show Calculation as a part of answer.

1. (A) From the following data, prepare flexible budget for 70%, 80% and 100% capacity when sales are ` 5,47,400, ` 5,99,500 and ` 7,18,800. Fixed expenses remain same at all level and semi variable expenses vary by 10% in amount between 80% to 90% capacity and by 20% for above 90% capacity. Variable expenses vary by 10% in amount between 60% to 80% capacity and by 20% for above 80% capacity. The expenses and sales at 50% capacity are as follows :

(A) Variable Expenses :	
Direct Material	80,000
Direct Wages	60,000
Direct Expenses	20,000
Semi-Variable	
(B) Expenses	
Repairs & Maintenance	15,000
Power	20,000
Production expenses	10,000
Selling expenses	14,000
(C) Fixed Expenses	
Rent	18,000
Depreciation	10,000
Insurance	12,000
Other Fixed expenses	80,000
(D) Sales :	4,50,000

OR

- (i) ABC Ltd. manufactures 2 types of products X and Y. There are three branches which are in Ahmedabad, Surat and Rajkot which sell both types of products. The sales manager has given following estimates for the year 2018 :

	Ahmedabad	Surat	Rajkot
Product : X(Units)	35,000	30,000	25,000
Product : Y(Units)	30,000	28,000	26,000

Additional Information

- (1) Selling price of X and Y product are ` 30 and ` 40 respectively.
 - (2) Sales of Product X in Ahmedabad branch increase by 4,000 units and product Y increase by 3,000 Units.
 - (3) Sales of Product Y in Rajkot branch increase by 2,000 units.
 - (4) Sales of both products in Surat branch is by increase by 25%.
- You are required to prepare the sales budget.

- (ii) Difference between Management Accounting and Financial Accounting.

(B) Do as directed : (Any FOUR)

- (1) Management accounting is the branch of accounting concerned with reporting to _____. (Internal Managers / Shareholders)
- (2) The role of management accounting does not normally include the function of _____. (Decision making / Cash Management)
- (3) Semi-variable cost will not be zero, even if production is nil. (True / False)
- (4) In order to prepare a flexible budget, items of anticipated expenditures are classified into _____ classes. (Two / Three)
- (5) Key factor is also known as _____. (Forecasting Factor / Limiting Factor)
- (6) Budget is prepared for a _____. (definite period / indefinite period)

2. (A) The standard material cost for a normal mix of one tones of chemical A is based on :

Chemical	kg	Price per kg
A	480	3
B	800	6
C	1280	5

During a month 6 tones of Chemical A were produced from

Chemical	kg	Total Cost
A	3200	12,800
B	4400	22,000
C	8800	52,800

Calculate all material variance.

OR

- (i) From the following information, calculate (1) Labour Rate Variance (2) Labour Cost variance (3) Labour Efficiency Variance 7
- (1) Standard hours per Unit: 3 hours
 (2) Standard wage rate : ` 3 per hour
 Actual Units produced: 500 Units
 Actual Wage rate: 3.5 per unit
 Actual Hours worked: 1600 hours
- (ii) What are the advantages of standard costing ? 7
- (B) Do as directed : (Any FOUR) 4
- (1) Fixed Overhead Variance does not include _____.
 (Calendar Variance / Revision Variance)
- (2) The difference between the budget amount and the actual cost is called the _____.
 (Efficiency variance/ Budget Variance)
- (3) Material Price variance + Material Usage Variance = Material Cost Variance. (True / False)
- (4) Write down formula of Material Usage variance.
- (5) Write down formula of Labour Rate variance.
- (6) Write down formula of sales Mix variance.
3. (A) From the following particulars, find the most profitable products mix and prepare a statement of profitability of that product mix. 14
- | Particulars | Product-X | Product-Y | Product-Z |
|-----------------------------------------|-----------|-----------|-----------|
| Sales price | 344 | 316 | 260 |
| Direct labour(Hours) | 10 | 8 | 6 |
| Direct material | 12 kgs. | 8 kgs. | 10 kgs. |
| Variable overheads(`) | 40 | 60 | 32 |
| Cost of direct material per kg. | 12 | 12 | 12 |
| Direct labour hours rate(`) | 6 | 6 | 6 |
| Maximum possible volume of sales(Units) | 3000 | 4000 | 1500 |
- Total fixed over heads are ` 2,46,000. All the three products are produced from the same material, using the same types of resources. Direct labour which is the key factor, is limited to 50,000 hours.

OR

- (i) Mukti Ltd. manufactures and sells 6,000 Electronic Calculator at 50% production capacity at present. Information for the year ending on 31 -3-2018 are as follows : 7

- (1) Selling price per unit 800
- (2) Total Fixed Expense 16,00,000
- (3) Current loss at present capacity (4,00,000)

Calculate

- (1) Current P/V Ratio
- (2) Current Break Even Point (in Units and in rupees)
- (3) The Amount of sales required to earn 9% profit on sales.
- (4) How much sales is required to convert current loss into profit.

- (ii) What is mean by break-even point ? Write notes on Assumption and limitations of BEP. 7

- (B) Do as directed : (Any THREE) 3

- (1) When labour hour is a key factor, profitability of a product is decided on which of the following basis ? (Contribution per hour/ Contribution per unit)
- (2) If, sales are ` 60,000, P.V. Ratio is 25% and net loss is ` 10,000, what would be the fixed costs ? (` 20,000/ ` 25,000)
- (3) Relevant cost are _____. (Future cost / Standard Cost)
- (4) Explain Margin of safety.
- (5) Explain Sunk Cost.

4. (A) What is Responsibility Accounting? Explain types of responsibility centers in details. 14

OR

- (i) Write a note on cost-based methods of transfer pricing. 7
- (ii) Write a short note on Life cycle costing. 7

- (B) Do as directed : (Any THREE) 3

- (1) State stages of product life cycle.
- (2) _____ is not responsibility centers. (Account Centre / Profit Centre)
- (3) Target costing is based on. (Actual cost of product / Market price of product)
- (4) Define Target costing.
- (5) Define 'Activity Based Costing'.