Seat No. : _______________

AK-106

April-2022

B.B.A., Sem.-VI

CC-312 : Management Accounting

Time : 2 Hours] [Max. Marks : 50

Instructions :(1) All questions in Section – I carry equal marks.
(2) Attempt any two questions in Section – I.
(3) Question 5 in Section – II is compulsory.

SECTION – I

1. (A) The following particulars are available from the records of Shiv Manufacturing Company for two levels of activity : 10

	60 %	100 %
Cost of Direct material	45,000	75,000
Direct wages	30,000	50,000
Indirect wages	15,000	25,000
Power and Fuel	32,500	47,500
Repairs and Maintenance	18,750	28,750
Administration overheads	50,000	70,000
Selling overheads	30,000	40,000
Rent	25,000	25,000
Depreciation	50,000	50,000
Insurance	35,000	35,000

Total production capacity at 100% is 25,000 units. Prepare a flexible budget at 70% and 90% capacity.

(B) Kunal Chemicals Ltd. manufactures two products X and Y by mixing the following raw-materials in the proportion shown below : 10

Product X : Raw-material : P 70% and Q 30%

Product Y : Raw-material : R 60% and S 40%

The weight of finished products X and Y are equal to the weight of their ingredients.

During October, 2021, it is expected that 1800 kgs of Product X and 6000 kgs of Product Y will be sold.

Actual and budgeted inventories for the month of October are as follows :

Raw-material	Actual inventory (kg) (1-10-2021)	Budgeted inventory (kg) (31-10-2021)
P	360	300
Q	210	180
R	1380	1200
S	600	660
Product X	240	120
Product Y	1200	1500

The purchase price of materials for October is expected to be as follows :

P : Per kg ` 20   Q = Per kg. ` 15

R : Per kg ` 10   S = Per kg. ` 12

All materials will be purchased on 8-10-2021. From the above information, prepare :

(A) Production Budget for October, 2021.

(B) Material Requirement Budget for October.

(C) Material Purchase Budget for October.

2. Calculate from the following data : 20

(1) Material Cost Variance

(2) Material Price Variance

(3) Material Usage Variance

(4) Material Mix Variance

(5) Material Yield Variance

Material	Standard Price Per kg	Standard weight per unit of output	Actual usage for output of 180 units	Actual price per kg
A	20	2	360	22
B	4	4	540	4
C	12	3	630	11
		9	1530	

3. (A) The following data is available from the books of Aakash Ltd. : 10

	`
Selling price per unit	200
Variable manufacturing expense per unit	100
Variable selling expense per unit	52
Total Fixed Expenses	96,000
Sales during the year	6,00,000

You are required to find out :

(1) Profit-Volume Ratio

(2) Break-even point in units and amount (`)

(3) Margin of Safety in `

(4) Number of units to be sold to earn a profit of ` 2,04,000

(5) Profit when sales are 30% above the break-even point.

(B) Explain the following terms : 10

(1) Sunk cost (2) Relevant cost

(3) Opportunity cost (4) Marginal cost

4. (A) Discuss in detail the different types of Responsibility Centres. 10

(B) Discuss the benefits of 'Activity Based Costing'. 10

SECTION – II

5. Do as directed : (any ten) 10

(1) The scope of Management Accounting is wider than the scope of cost accounting.

(State true or false)

(2) Standard costing is a valuable aid in management for controlling costs.

(State true or false)

(3) When accurate precost of sales and revenue are not possible during the budget period, management will make use of ______ budget. (Fixed/Flexible/Cash)

(4) Following is not a cost-based method of transfer pricing :

(A) Total Cost Method (B) Marginal Cost Method

(C) Arbitrated Price method (D) Cost-Plus Method

(5) In Responsibility Accounting, the inputs are termed as revenue.

(State true or false)

(6) In decision making, each of the following would affect the Break-even point except a change in the ______.

(A) Selling price per unit (B) Number of units sold

(C) Variable cost per unit (D) Total fixed cost

(7) Which of the following is not a tool or technique of Management Accounting ?

(A) Responsibility Accounting (B) Standard Costing

(C) Statutory Audit (D) Decision Making

(8) Sales Value Variance = Sales Price Variance (+) Sales _____ Variance.

(Mix/Volume)

(9) Define = 'Master Budget'

(10) Profit volume Ratio = $\frac{\text{Change in cost}}{\text{Change in sales}} \times 100$. (State true or false)

(11) Mention the four stages of Life Cycle Costing.

(12) Management Accounting is a compulsion by law. State true or false.

(13) Define : 'Target Costing'

(14) For maximizing the profit, in case of limiting factor, a decision maker should consider :

(A) Contribution per unit (B) Sales

(C) Contribution per key factor (D) Variable costs

(15) For sales in foreign market, an order below normal selling price should be accepted only if the selling price is more than marginal cost, as per the contribution technique. (State true or false)