

Seat No. : _____

AE-123

April-2016

B.B.A., Sem.-VI

CC-312 : Management Accounting

Time : 3 Hours]

[Max. Marks : 100

- Instructions :** (1) Attempt **all** questions.
(2) Figures to the right indicates marks.

1. (a) Distinguish between 'Management Accounting' and 'Cost Accounting'. **4**
(b) The following particulars are available from the records of a manufacturing company for two levels of activity. **10**

	60%	100%
	₹	₹
Cost of direct material	27,000	45,000
Direct wages	18,000	30,000
Indirect wages	9,000	15,000
Repairs & Maintenance	19,500	28,500
Power and fuel	11,250	17,250
Selling overhead	18,000	24,000
Rent	15,000	15,000
Depreciation	12,000	12,000
Insurance	8,000	8,000
Administrative o/h	30,000	42,000

Total production at 100% capacity is 15,000 units.

Prepare a flexible budget at 70% and 90% capacity.

OR

- (a) Explain the meaning and significance of Budgetary control. 4
- (b) A factory manufactures two products VK and SK by using two types of raw-materials in the proportion shown below : 10

Product VK :	Raw material	X → 60%
	Raw material	Y → 40%
Product SK :	Raw material	A → 75%
	Raw material	B → 25%

The finished weight of products VK and SK are equal to the weight of their ingredients.

During December, 2015 it is expected that 4000 kgs of product VK and 20,000 kgs of product SK will be sold.

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

	Actual (1-12-2015)	Budgeted (31-12-2015)
Raw Materials : X	800	640
Y	400	320
A	4,000	3,800
B	2,000	2,200
VK	480	400
SK	4,000	4,800

The purchase price of materials for December is expected to remain as follows :

X : ₹ 50 per kg

Y : ₹ 60 per kg

A : ₹ 15 per kg

B : ₹ 22 per kg

All materials will be purchased on 12-12-2015. Form the above information prepare :

- (1) Production budget for December 2015
- (2) Material requirement budget for December 2015
- (3) Material purchase budget for December 2015

2. The standard mix to produce one unit of product is as follows :

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Material A : 120 units at ₹ 15 per unit
B : 160 units at ₹ 20 per unit
C : 200 units at ₹ 25 per unit
480 units

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

Material A : 1280 units at ₹ 17.5 per unit
B : 1900 units at ₹ 18 per unit
C : 1740 units at ₹ 27.5 per unit
4920 units

Calculate :

- (1) Material Price Variance
- (2) Material Mix Variance
- (3) Material Yield Variance
- (4) Material Usage Variance
- (5) Material Cost Variance

OR

The standard labour composition and the actual labour composition engaged in a job for 10 weeks are as under :

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Category of workers	Standard no. of workers	Standard weekly wage rate per worker (₹)	Actual no. of workers	Actual weekly wage rate per worker (₹)
Grade A	80	80	100	75
Grade B	100	75	120	70
Grade C	60	50	20	60

The work is actually completed in 12 weeks. Calculate all labour variables.

3. (a) Explain the following terms :

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- (1) Cost-volume profit analysis
- (2) Break-even point
- (3) Margin of safety

(b) From the following particulars, find the most profitable product mix and prepare a statement of profitability of that product mix.

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	Product X	Product Y	Product Z
Budgeted production and sales (units)	8000	11000	5000
Sales price per unit (₹)	90	82	68
Direct materials	6 kg	4 kg	5 kg
Direct labour (hours)	5	4	3
Variable overhead (₹)	8	12	9
Cost of direct material per kg.	6	6	6
Cost of labour hour rate (₹)	3	3	3
Maximum possible value of sales (units)	3000	4000	1500

All the three products are produced from the same material, using the some type of machines and labour. Direct labour, which is the key factor is limited to 25,000 hours. Fixed overheads are ₹ 80,000.

OR

(a) Explain the following terms :

- (1) Sunk cost
- (2) Marginal cost
- (3) Opportunity cost

(b) Following data have been produced before you by the board of directors of XYZ Ltd.

	₹
Selling price per unit	210
Direct material per unit	70
Direct wages per unit	50
Variable overhead per unit	32
Fixed overheads	96,000
Trade discount allowed per unit	10

You have been asked to compute the following :

- (1) Profit-Volume Ratio
- (2) BEP in units and in rupees
- (3) Profit if sales are 2500 units.
- (4) Sales required to earn a profit of ₹ 54,000
- (5) Margin of safety if sales are 2400 units.

4. (a) Write short notes : (any two)

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- (1) Types of Responsibility Centres.
- (2) Advantages and limitations of Responsibility Accounting.
- (3) Types of transfer pricing

(b) Write short notes : (any two)

- (1) Benefits of activity based costing
- (2) Process of target costing
- (3) Stages of life cycle costing

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5. Do as directed :

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(1) In management accounting, the analysis is done for _____ transactions.

(Monetary/Non-monetary/both)

(2) State any one tool/technique of management accounting.

(3) Define : Flexible Budget.

(4) Units produced = unit sold (-) opening stock (+) desired closing stock. (true/false)

(5) Standard costing is a valuable aid to management in controlling costs. (true /false)

(6) When actual cost is more than standard cost, it is called favourable variance.
(true/false)

(7) Sales value variance = Sales price variance + _____.

(Sales volume variance / Sales mix variance)

(8) If profit – volume ratio is 80%, then variable cost ratio is _____.

(9) BEP (units) = Fixed cost / _____. (Contribution per unit / P/V ratio)

(10) Contribution margin is known as

- (a) Net income
- (b) Marginal income
- (c) Standard income
- (d) Gross income

(11) A cost that cannot be changed by any decision made now or in the future is a _____ cost. (Sunk/Relevant/Controllable)

(12) As long as the product sold recovers the variable cost and contributes something towards the fixed cost, it is not advisable to shut down. (true/false)

(13) Which of the following is not a responsibility centre ? (investment/profit/account)

(14) Define 'Target Costing'.

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