Seat No. : ______________

OE-102

October-2018

B.B.A., Sem.-VI (Repeater)

CC-312 : Management Accounting

Time : 2:30 Hours] **[Max. Marks : 70**

Instruction : Show necessary working notes.

1. (A) (i) Sunder Ltd. Produces 15,000 units of a product at 100% capacity. The following information is obtained from the books of account : **7**

Particulars	Jan. 2018 ₹	Feb. 2018 ₹
Direct Materials	1,05,000	1,35,000
Repairs & Maintenance	24,000	27,000
Direct Expenses	31,500	40,500
Consumable Shares	10,500	13,500
Salaries	36,000	36,000
Depreciation	15,000	15,000
Production	10,500 Units	13,500 Units

You are required to compute the cost of production and total cost at 60%, 80% and 100% capacity under the flexible budget. Show your working.

(ii) Discuss the significance of 'Budgetary Control'. **7**

OR

(i) Differentiate between Management Accounting and Financial Accounting. **7**

(ii) Ronak Ltd. manufactures two types of products 'A' and 'B'. There are three branches which sell both types of products. The Sales Manager has given following estimates for the year 2018 :

	Branch 1	Branch 2	Branch 3
A Product (units)	6,00,000	9,60,000	2,88,000
B Product (units)	7,20,000	10,80,000	1,80,000

The selling price of 'A' and 'B' products are ₹ 20 and ₹ 15 respectively. It is estimated by the Sales Manager that sales of 'B' in Branch No. 1 can be increased by 1,80,000 units by substantial increase in advertisement and sale of 'B' product in branch no. 3 can be raised by 90,000 units by making necessary changes in administration of production and sales office. In respect of both products, the Sales of Branch no. 2 is not satisfactory and an increase of 25% is required.

Prepare sales budget for the year 2018. **7**

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(B) Do as directed : (any **four**) **4**

(1) Management accounting is for ________.
(A) Shareholders (B) Creditors
(C) Government (D) Management

(2) Budget is prepared for _______ period of time.
(A) Definite (B) 1 year
(C) Indefinite (D) Every month

(3) The cost which change in direct proportion to level of activity are called :
(A) variable cost (B) fixed cost (C) semi-variable cost

(4) State any two tools of Management Accounting.

(5) Define : 'Fixed Budget'.

(6) Define : 'Flexible Budget'.

2. (A) (i) The following is standard mix of production of product 'xyz' : **7**

Material	**kgs**	**Price per kg**
A	10	16
B	6	18
C	4	13

The standard loss is 20% of units introduced. Actual production is 480 kgs.
The actual consumption and cost of material used is as under :

Materials	**kgs**	**Total Price**
A	320	6400
B	120	1800
C	200	1800

Calculate the following variances :
(1) Material Cost variance
(2) Material Price variance
(3) Material Mix variance
(4) Material Yield variance

(ii) Discuss the advantages of standard costing. **7**

OR

(i) From the following data, calculate labour variances : **7**

	Standard	**Actual**
No. of workers employed	200	180
Average monthly wages per worker	₹ 600	₹ 720
Number of working days during the month	25	24
Production during the month (units)	20,000	18,000

(ii) Discuss the limitations of Standard Costing. **7**

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(B) Do as directed : (any **four**) **4**

(1) The expected costs per unit of input are called :

(A) Standard costs (B) Standard prices

(C) Standard quantity (D) Standard cost allowed

(2) Sales value variance is _______.

(A) Income variance (B) Cost variance (C) None of the above

(3) Material usage variance = Material mix variance + _______.

(A) Material price variance (B) Material yield variance

(C) Material cost variance (D) None of the above

(4) Define : 'Labour Rate variance'.

(5) Define : 'Variance Analysis'.

(6) State any two income variances.

3. (A) (i) XYZ Ltd. provides you the following information : **7**

	2017	**2018**
Total Sales (₹)	80,000	1,20,000
Total cost (₹)	70,400	86,400

Calculate :

(1) Profit volume ratio

(2) Fixed costs

(3) Break-even point

(4) Margin of Safety

(5) Amount of profit/loss, when sales are ₹ 2,00,000

(ii) Explain the following terms : **7**

(1) Sink cost

(2) Relevant cost

(3) Opportunity cost

OR

(i) The unit cost of manufacturing a product is as follows : **7**

The total production of the factory is 40,000 units.

	₹
Direct Materials	
Component parts purchased from outside	30
Other materials	8
Direct wages	10
Variable overheads	8
Fixed overheads	70
	126

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The company operates at 75% of it's capacity. It is not able to make any other use of it's surplus capacity of 25% in future. It is thinking of making a part of the above product, which it is purchasing from outside. It's estimated cost per unit is as follows :

	₹
Direct Materials	8
Direct wages	9
Variable overheads	3
Fixed overheads	10
	30

State whether the company should make this part in the factory or buy it.

(ii) Write assumptions of : **7**
(1) Cost-volume-profit analysis.
(2) Break-even analysis.

(B) Do as directed : (any **three**) **3**
(1) Define : 'Margin of Safety'
(2) Define : 'Key factor'
(3) State the formula of Break-even point in units.
(4) For maximizing the profit, in case of limiting factor, a decision maker should consider :
(A) Contribution margin (B) Sales
(C) Variable cost (D) Fixed cost

(5) Contribution margin is known as
(A) Net income (B) Standard income
(C) Marginal income (D) Gross income

4. (A) Write the following :
(i) Write a note about different types of responsibility centres. **7**
(ii) Write a note on methods of fixing target cost. **7**

OR

(i) Explain in brief the various types of transfer pricing.
(ii) Write a note on : 'Life Cycle Costing'.

(B) Define the following terms : (any **three**) **3**
(1) Responsibility accounting.
(2) Transfer pricing
(3) Target costing
(4) Life cycle costing
(5) Activity based costing

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