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SARDAR PATEL UNIVERSITY
BBA (V Semester) Examination
Tuesday
17th March 2015
10.30 am - 12.30 pm
UM05CBBA02/07 - Management Accounting

Total Marks : 60

Q.1 Give the meaning of 'Management Accounting'. Explain the Scope and Limitations of Management Accounting. (15)

OR

Q.1 Write note on :
(i) Role of Management Accountant (08)
(ii) Difference between Management Accounting and Financial Accounting (07)

Q.2 The following date relate to Bookshop Ltd. The financial manager has made the following sales forecasts for the five months commencing from April, 1st, 2015: (15)

Month	Sales (Rs.)
April	40000
May	45000
June	55000
July	60000
August	50000

Other data :

1) Debtors' and Creditors' balance at the beginning of the year are Rs. 30000 and Rs. 14000 respectively. The balance of other relevant assets and liabilities are:

Cash balance	Rs. 7500
Stock	Rs. 51000
Accrued Sales Commission	Rs. 3500

2) 40% Sales are on cash basis. Credit sales are collected in the month following the sales.
3) Cost of sales is 60% of sales.
4) The only other variable cost is a 5% commission to sales agent. The sales commission is paid in a month after it is earned.
5) Inventory (stock) is kept equal to sales requirements for the next two months budgeted sales.
6) Trade, creditors are paid in the following month after purchases.
7) Fixed costs are Rs. 5000 per month including Rs. 2000 depreciation.

You are required to prepare a cash budget for the months of April, May and June, 2015 respectively.

OR

Q.2 A department of Tek India Company attains sales of Rs. 600000 at 80% of its normal capacity. Its expenses are given below: (15)

	(Rs.)
Office salaries	90000
General Expenses	2 % of sales
Depreciation	7500
Rent and Rates	8750
Selling Costs:	
Salaries	8% of sales
Travelling Expenses	2 % of sales
Sales office	1 % of sales
General Expenses	1 % of sales
Distribution Costs:	
Wages	15000
Rent	1 % of sales
Other expenses	4 % of sales

Draw up flexible budget operating at 90%, 100 % and 110 % of capacity.

Q.3

(A) Give the meaning of 'Absorption Costing'. Also give the difference between Absorption Costing and Marginal Costing. (08)

(B) From the following data of Z Ltd., prepare income statement under Absorption Costing. (07)

Opening stock - 10000 units (valued at Marginal Cost Rs. 61900 and Total Cost Rs. 72000)

Units produced	-	60000 units
Closing stock	-	4000 units
Units sold	-	66000 units
Variable cost	-	Rs. 357000

Factory Overheads (fixed) - Rs. 70200

Selling Costs :

Variable - Rs. 340000

Fixed - Rs. 50000

Selling Price per Unit - Rs. 20

OR

Q.3 Your company has a production capacity of 200000 units per year. Normal capacity utilisation is reckoned as 90 %. Standard variable production costs are Rs. 11 per unit. The fixed factory costs are Rs. 360000 per year. Variable selling costs are Rs. 3 per unit and fixed selling costs are Rs. 270000 per year. The unit selling price is Rs. 20. In the year ended on 30th June, 2014 the production was 160000 units and sales were 150000 units. The closing inventory on 30th June, 2014 was 20,000 units. The actual variable production costs for the year were Rs. 35000 higher than standard. (15)

Calculate the profit for the year by the Marginal Costing Method.

Q.4

(A) The Standard Cost of a certain chemical mixture is as follows : (08)

40% Material A @ Rs. 20 per ton

60% Material B @ Rs. 30 per ton

A standard loss of 10% is expected in production. During one month 171 ton is produced and 90 tons of Material A at Rs. 18 per kg and 110 tons of Material B at Rs. 34 per kg is used.

Calculate : (1) MCV (2) MPV (3) MMV and (iv) MYV

(B) Data about labour employed in a factory to produce one unit of Product X are as follows. (07)

	Total (Rs.)
Skilled workers- 10 hrs. @ Rs. 3	30.00
Unskilled workers - 16 hrs. @ Rs. 1	16.00
Semi skilled workers - 8 hrs @ Rs. 1.50	12.00
	58.00

Actual:	**Total (Rs.)**
Actual production : 200 units	
Skilled workers - 1800 hrs. @ Rs. 4.00	7200
Unskilled workers - 4000 hrs. @ 0.90	3600
Semi skilled workers - 1680 hrs. @ 1.50	2520
7480 hrs.	**13320**

Calculate : Labour cost, Wage rate, Labour Efficiency and Labour Mix Variances.

OR

Q.4 From the following particulars calculate all sales variances according to (A) Profit Method and (B) Value Method. (15)

Product	**Standard**			**Actual**		
	Qty. (Units)	Cost per Unit	Price per Unit	Qty. (Units)	Cost per Unit	Price per Unit
X	3000	Rs. 10	Rs. 12	3200	Rs. 10.50	Rs. 13
Y	2000	Rs. 15	Rs. 18	1600	Rs. 14.00	Rs. 17

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