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SARDAR PATEL UNIVERSITY
T. Y. B. B. A. (V Semester) Examination
3rd May 2016 (Tuesday)
2.30 pm – 4.30 pm
UM05CBBA02 : MANAGEMENT ACCOUNTING

Total Marks : 60

- Note:** (1) Show your working clearly.
 (2) Figures to the right indicate full marks.

Q. 1 Define 'Management Accounting'. Explain its functions and state its limitations. (15)

OR

Q. 1 Write notes on:
 (A) Role of Management Accountant in Modern Business. (08)
 (B) Differentiate between Management Accounting and Financial Accounting. (07)

Q. 2 A department of Tek India Company attains sales of ₹ 6,00,000/- at 80% of its normal capacity. Its expenses are given below: (15)

Office salaries	₹ 90,000/-
General expenses	2% of sales
Depreciation	₹ 7,500/-
Rent and rates	₹ 8,750/-
<u>Selling Costs:</u>	
Salaries	8% of sales
Travelling expenses	2% of sales
Sales office	1% of sales
General expenses	1% of sales
<u>Distribution Costs:</u>	
Wages	₹ 15,000/-
Rent	1% of sales
Other expenses	4% of sales

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

OR

Q. 2 Newly started company, Speed Co. Ltd. wishes to prepare a cash budget from January. Prepare cash budget for the first six months from the following estimated revenue and expenditure. (15)

Month	Total Sales (₹)	Material (₹)	Wages (₹)	Production o/h. (₹)	Selling & Distri. o/h. (₹)
January	20,000	20,000	4,000	3,200	800
February	22,000	14,000	4,400	3,300	900
March	24,000	14,000	4,600	3,300	800
April	26,000	12,000	4,600	3,400	900
May	28,000	12,000	4,800	3,500	900
June	30,000	16,000	4,800	3,600	1,000

Cash balance on 1st January will be ₹ 10,000/-. A new machine is to be installed at ₹ 30,000/- on credit, to be repaid in two equal instalments in March and April.

Sales commission at five percent on total sales is to be paid within the month following actual sales. ₹ 10,000/- being the amount of second call may be received in March. Share premium amounting to ₹ 2,000/- is also obtainable with 2nd call.

Period of credit allowed by suppliers	2 months
Period of credit allowed to customers	1 month
Delay in payment of overheads	1 month
Delay in payment of wages	½ month

Assume cash sales to be 50% of total sales.

Q. 3 (A) Give the meaning of 'Absorption Costing' and 'Marginal Costing'. State the difference between 'Absorption Costing' and 'Marginal Costing'. (08)

(B) Following data relates to XYZ Ltd. which makes and sells toys. (07)

Production	1,00,000 units
Sales	80,000 units
Selling Price per Unit	₹ 15/-
Direct Materials	2,50,000
Direct Labour	3,00,000
<u>Factory Overheads:</u>	
Variable	1,00,000
Fixed	2,50,000
<u>Selling & Distri. Overheads:</u>	
Variable	1,00,000
Fixed	2,00,000

You are required to present income statement using Absorption Costing.

OR

Q. 3 From the following data of X Ltd. prepare income statement under (a) absorption costing and (b) marginal costing. (15)

Opening stock	-	10,000 Units (Valued at Marginal Cost ₹ 61,900/- and Total Cost ₹ 72,000/-)
Units produced	-	60,000 units
Closing stock	-	4,000 units
Units sold	-	66,000 units
Variable cost	-	₹ 3,57,000/-
Factory overheads (Fixed)	-	₹ 70,200/-
Selling Cost:		
Variable	-	₹ 3,40,000/-
Fixed	-	₹ 50,000/-

Selling price per unit ₹ 20/-.

Q. 4 (A) From the following records of Bimal Ltd. you are required to compute the material and labour variances. (08)

- 1 tonne of material input yields a standard output of 1 lakh units.
- Number of employees – 200
- The standard wage rate per employee per day is ₹ 6/-.
- Standard price of material is ₹ 20/- per kg.
- Actual quantity of material issued by production department – 10 tonnes
- Actual price of material - ₹ 21/- per kg.
- Actual output – 9 lakh units
- Actual wage rate per day - ₹ 6.50
- Standard daily output per employee – 100 units
- Total number of days worked – 50
- Idle time paid for and included above – ½ (half) day.

- (B) From the following particulars calculate MCV, MPV, MUV and MMV. (07)

Materials	Standard		Actual	
	Units	Price (₹)	Units	Price (₹)
A	1,010	1.00	1,080	1.20
B	410	1.50	380	1.80
C	350	2.00	380	1.90

OR

Q. 4

- (A) From the following particulars calculate sales variances (Sales Value, Sales Price, Sales Volume, Sales Mix and Sales Quantity Variance). (08)

Product	Standard			Actual		
	Units	Cost / Unit	Price per Unit	Units	Cost / Unit	Price per Unit
X	3,000	₹ 10	₹ 12	3,200	₹ 10.50	₹ 13
Y	2,000	₹ 15	₹ 18	1,600	₹ 14.00	₹ 17

- (B) From the following data, calculate Labour Variances. (07)

The budgeted labour force for producing Product A is:

20 semi-skilled workers @ 75 paise per hour for 50 hours.

10 skilled workers @ ₹ 1.25 per hour for 50 hours

The actual labour force employed for producing Product A is:

22 semi-skilled workers @ 80 paise per hour for 50 hours.

8 skilled workers @ ₹ 1.20 per hour for 50 hours

