

[57 and A/45]

Seat No. \_\_\_\_\_

No. of printed pages: 03

**SARDAR PATEL UNIVERSITY**  
**BBA (V Semester) Examination**  
**Thursday, 17 November 2016**

2.00 pm - 4.00 pm

**UM05CBBA02 - Management Accounting**

**Total Marks : 60**

**Note:** Figures to the right indicate full marks of the question paper.

Q-1

- [A] Define Management Accounting. Explain its characteristics. [08]  
[B] Discuss the functions of Management Accounting. [07]

**OR**

Q.1

- [A] Distinguish between Management Accounting and Cost Accounting [08]  
[B] Write note on Role and status of Management Accountant [07]  
Q.2 Vidit Ltd. has seasonal sales. It sells its goods at Rs. 50 per unit. [15]  
Sales are 25% for cash and the remainder at 1<sup>1</sup>/<sub>2</sub> month's credit.

The cost of the goods in terms of % of the selling price is as follows.

Materials	20%
Wages	25%
Factory Expenses	20%
Depreciation	10%
	<u>75%</u>

In addition each month a sum of Rs.200000 has to be paid in respect of fixed administrative expenses income tax is Rs.50000 is payable in July 2016.

Interest income is to be received in August 2016 at 5% on Rs.100000 subject to income tax at 22%

The Company purchases materials a month before the one in which it is required. Suppliers are paid either on a prompt or 30 days basis. It is estimated that 10% of suppliers are in the prompt category. Payment is made in respect of other expenses fortnightly.

The sales in units for various months are as follows.

Month-Year 2016	Sales (Units)
April	6000
May	10000
June	12000
July	16000
August	16000
September	20000
October	20000

Sales in each month is spread uniformly over month. The company has bank overdraft of Rs.50000 as at 1<sup>st</sup> July 2016

You are required to prepare cash budget for the three months ending on 30<sup>th</sup> September 2016.

OR

- Q.2 Patel Corporation can produce 4000 units of a certain product at 100% capacity. The following information is obtained from books of account. [15]

Particulars	January 2016	March 2016
Production	2800 Units	3600 Units
	Rs.	Rs.
Repairs and Maintenance	5000	5600
Power	18000	20000
Shop Labour	7000	9000
Consumable Stores	14000	18000
Salaries	10000	10000
Inspection	2000	2400
Depreciation	14000	14000

The rate of production per hour is 10 units. Direct material cost per unit Rs.10 and direct wages per hour is Rs.40.

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

- Q.3 X Ltd. has a production capacity of 200000 units per year. Normal capacity utilisation is reckoned as 90%. [15]

Standard variable production costs are Rs.11 per unit. The fixed 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 just ended on 30th June 2016, the production was 160000 units and sales were 150000 units. The closing inventory on 30th June was 20000 units. The actual variable production costs for the year were Rs.35000 higher than standard.

Calculate the profit for the year by the absorption costing method and by the marginal costing method. Explain the difference in profits.

OR

- Q.3 ABC company has a production capacity of 12500 units and normal capacity utilisation is 80%. Opening inventory of finished goods on 01-01-2015 was 1000 units. During the year ending 31-12-2015, it produced 11000 units while it sold only 10000 units. Standard variable cost per unit is Rs.6.50 and standard fixed factory cost per units is Rs.1.50. Total fixed selling and administration overhead amounted to Rs.10000. The company sells its product at Rs.100000. The company sells its product at Rs.10 per unit. [15]

Prepare income statements under Absorption Costing and Marginal Costing. Explain the reasons for difference in profit, if any.

Q.4 Standard material for 100 Kgs Chemical No 555 is given below. [15]

Material	Kgs	Price (per kg) Rs.
A	50	2.00
B	35	4.00
C	25	6.40

The standard loss in production is 10 Kg of the input. There is no scrap value 2000 Kgs of chemical No 555 produced and actual usage of materials was as under

Material	Kgs	Price (per kg) Rs.
A	1100	1.80
B	650	4.50
C	560	6.50
	<u>2310</u>	

Calculate :

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

OR

Q.4 Standard labour hours and rate of production of Article A are [15] given below.

Type	Per unit (Hour)	Rate per (Hour)	Total Rs.
Skilled labour	6	3.50	21.00
Unskilled labour	9	1.00	9.00
Semi Skilled labour	4	2.00	8.00
			<u>38.00</u>

Actual Performance (Actual Production 2000 units)

Type	Rate Per hour	Rs.	Total Rs.
Skilled labour	11000 hours	4.00	44000
Unskilled labour	20000 hours	0.80	16000
Semi Skilled labour	8900 hours	1.80	16020

Calculate and explain the following variances.

1. Labour cost variance
2. Labour rate variance
3. Labour efficiency variance
4. Labour mix variance
5. Labour yield variance



