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SARDAR PATEL UNIVERSITY

B.B.A. – General (5TH Semester) (2018-19) (October – 2018)

22-10-2018 - Monday

10.00 A.M. TO 12.00 P.M.

UB05CBBA02–Management Accounting - I

Total Marks: 60

Note: Figure to the right indicate full marks of the question.

Q:01 Write notes on:

(i) Limitations of Management Accounting 08

(ii) Role of Management Accountant 07

OR

Q:01 Give the meaning of Management Accounting. Explain the Functions of Management Accounting. 15

Q:02 Prepare a Cash budget for the three months ending 30th June 2019, from the information given below: 15

(a) Month	Sales	Materials	Wages	Overheads
	Rs.	Rs.	Rs.	Rs.
February	14,000	9,600	3,000	1,700
March	15,000	9,000	3,000	1,900
April	16,000	9,200	3,200	2,000
May	17,000	10,000	3,600	2,200
June	18,000	10,400	4,000	2,300

(b) Credit terms are:

Sales and debtors – 10% of sales are on cash, 50% of the credit sales are collected next month and the balance in the following month.

Creditors – Materials 2 Months, Wages – ¼ month, Overhead ½ Month.

(c) Cash and bank balances on 1st April 2019 is expected to be Rs. 6,000.

(d) Other relevant informations are:

1. Plant and machinery will be installed in February 2019 at a cost of Rs. 96,000
2. Dividend @ 5% on Preference Share Capital of Rs. 2,00,000 will be paid on 1st June.
3. Advance to be received for sale of vehicles Rs. 9,000 in June
4. Dividends from investments amounting to Rs. 1,000 are expected to be received in June.
5. Advance Income tax to be paid in June is Rs. 2,000.

OR

Q:02 The budget manager of Jaiswal Electricals Limited is preparing a flexible budget for the accounting year starting from 1st July, 2018. 15

The company produces one product – DCOT II.

Direct Material Cost Rs. 7 Per Unit

Direct Labour Averages Rs. 2.50 Per Hour and requires 1.6 hours to produce one unit of DCOT II.

Salesmen are paid a commission of Re. 1 Per unit sold

Fixed Selling and Administrative Exps. Amt. to Rs. 85,000

Manufacturing overhead is estimated in the following amount under specified conditions of volume:

Volume of Production (in Units)	1,20,000	1,50,000
Expenses:	Rs.	Rs.
Indirect Material	2,64,000	3,30000
Indirect Labour	1,50,000	1,87,500
Inspection	90,000	1,12,500
Maintenance	84,000	1,02,000
Supervision	1,98,000	2,34,000
Depreciation on Plant and Equipment's	90,000	90,000
Engineering Services	94,000	94,000
Total Manufacturing Overhead	9,70,000	11,50,000

Prepare a budget of total cost at 1,40,000 units of production for the year ending 30th June 2019.

Q:03 (A) From the following data of XYZ ltd. Prepare income statement under absorption costing. 08

Opening stock 10,000 units (valued at Total Cost Rs. 72,000)

Unit Produced 60,000 units

Closing stock 4,000 units

Units Sold 66,000 units

Variable Cost Rs. 3,57,000

Factory Overhead Rs.70,200

Selling Variable Cost Rs. 3,40,000

Selling Fixed Cost Rs. 50,000

Selling Price Per Unit Rs. 20

(B) Meaning of Absorption and Marginal Costing Give the difference between Absorption and Marginal Costing. 07

OR

Q:03 Sanjay company has a production capacity of 2,00,000 units per year. Normal capacity utilization is reckoned as 90%. Standard Variable production costs are Rs. 11 per unit. 15

The Fixed factory cost are Rs. 3,60,000 per year

Variable selling costs are Rs. 3 Per unit and Fixed Selling costs are Rs. 2,70,000 per year

The Unit selling price is Rs. 20.
In the year just ended on 30th June 2018, the production was 1,60,000 units and sales were 1,50,000 units, the closing stock on 30-06-2018 was 20,000 units.
The actual variable production costs for the year were Rs. 35,000 higher than the standard.
Calculate the profit for the year
(a) By the absorption costing method
(b) By the marginal costing method

Q:04 (A) Two materials X and Y are used in the production of a commodity in a factory. 08
The information about its production in August, 2018 is as under

Standard Material Mix:

X	100 kg	Rs. 30 Per Kg.	Rs. 3000
Y	50 kg	Rs. 12 per kg.	Rs. 600
	150 kg		Rs. 3600

Actual Material Mix:

X	110 kg	Rs. 32 Per Kg.	Rs. 3520
Y	40 kg	Rs. 11 per kg.	Rs. 440
	150 kg		Rs. 3960

Compute Material Variances.

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

Labour Types	Hours	Wages Rate (Rs)	Total Wages (Rs.)
Skilled Workers	10	3.00	30.00
Unskilled Workers	16	1.00	16.00
Semiskilled Workers	8	1.50	12.00
			58.00

Actual Situation :
Actual Production : 200 Units

Labour Types	Hours	Wages Rate (Rs)	Total Wages (Rs.)
Skilled Workers	1800	4.00	7,200
Unskilled Workers	4000	0.90	3,600
Semiskilled Workers	1680	1.50	2,520
	7480		13,320

Calculate following variances :
1. Labour cost variance
2. Wage Rate variance
3. Labour efficiency variance
4. Labour mix variance

OR

Q:04 (A) From the following data, calculate labour variances: 08

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

(P.T.O.)

(B) Following is the information about sales by a company. 07

	Standard			Actual	
	Qty. (Units)	Price Rs.	Amount Rs.	Qty. (Units)	Price Rs.	Amount Rs.
A	1,000	12	12,000	1,200	13	15,600
B	600	15	9,000	400	14	5,600
	1,600		21,000	1,600		21,200

Compute Sales Variances.

— x — x —

(4)