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SARDAR PATEL UNIVERSITY
TY BBA ITM (3Years) SEMESTER-V
MANAGEMENT ACCOUNTING (UM05CBBI05)
10th November 2017,Friday
TIME: 10A.M. T0 12 P.M

Total Marks 60

Q:1 (a) Define the term management accounting and discuss its characteristics. **(08)**
Q:1 (b) What are the role and status of Management accountant in management discuss. **(07)**

OR

Q:1 (a) Explain various methods of Management Accounting. **(08)**
Q:1 (b) Distinguish between Management Accounting and Cost Accounting. **(07)**

Q:2 Prepare a cash Budget for three months ending 31st December, 2016 from the following information of Keya Ltd. **(15)**
Cash Balance on 1st October 2016, Rs. 1,20,000

Year & Month	Total sales Rs.	Total Purchases Rs.	Wages Rs.	Overheads Rs.
August	3,00,000	1,40,000	40,000	80,000
September	4,00,000	2,00,000	50,000	1,10,000
October	4,50,000	1,60,000	60,000	1,20,000
November	5,00,000	2,40,000	70,000	1,30,000
December	6,00,000	3,00,000	80,000	1,50,000

Additional Information:

1. Assume the proportion of cash sales and credit sales as 1:4
2. Assume 20% of total purchases to be cash purchases.
3. Assume 2% of credit sales to be sales return every month.
4. 50% of net credit sales are realized in the month following the sales and remaining 50% in the second month following the sales.
5. Plant costing Rs. 1, 00,000 is due for delivery in October, 2016 payable 10% on delivery and the balance after three months.
6. Sales commission 2% on total net sales is to be paid in the next month after actual sales.
7. The period of credit allowed by suppliers is one month.
8. Overheads include Rs. 5,000 depreciation per month on fixed assets.
9. The time lag in the payment of wages and overheads is one month.

OR

Q:2 (a) From the production of 10,000 Television the following are the budgeted expenses: **(10)**

Particulars	Per Unit (Rs.)
Direct material	60
Direct labour	30
Variable overhead	25
Fixed overheads (Rs. 1,50,000)	15
Variable expenses (direct)	5
Selling expenses (10% fixed)	15
Administration expenses (Rs. 50,000 rigid for all level of production)	5
Distribution expenses (20% fixed)	5
Total cost of sales	**160**

Prepare flexible budget for production of 6,000, 7,000 and 8,000 fans.

(PTO)

Q:2 (b) Anjali pipes Ltd. Manufactured a product named "X" figure of its estimated sales are as under: **(05)**

Sales in units for the year 2016 :-

January	February	March	April	May	June
3400	3800	5000	4600	4200	5400

Stock of finished goods (of product "X") as on 1st January 2016 will be of 1000 units. Closing stock of product "X" at the end of each month will be equivalent to 1/4th of estimated sales of the succeeding two month

Prepare Production Budget from January to April 2016

Q:3 The normal annual level of operation on which the production fixed overhead absorption is based on 36,000 cases. There was no opening stock of finished goods. The production was 40,000 cases and sales were 32,000 cases. The cost is: **(15)**

Selling price	Rs. 60 per case
Direct material	Rs. 14 per case
Variable overhead	Rs. 12 per case
Fixed overhead	Rs.2, 16, 000 p.a.
Fixed selling expenses	Rs. 50,000 p.a.
Variable selling expenses.	15% 0n sales

Prepare income statement based on absorption costing and marginal costing.

OR

Q:3 (a) Explain the difference between Absorption Costing and Marginal Costing **(07)**

Q:3 (b) From the following information of Kian Ltd. For the year 2016. Prepare Income statement as per Absorption costing and Marginal costing. During the year production was 1, 00,000 units. **(08)**

Direct material	Rs. 5,45,000
Direct Labour	Rs. 9,25,000
Variable manufacturing overheads	Rs. 4,72,000
Fixed manufacturing overheads	Rs. 3,18,000

There was no opening stock or closing stock of Work in process. Sales was 1, 00,000 units at Rs. 50 per unit. There was no stock of finished goods. Selling expenses were Rs. 12, 00,000 out of which Rs. 6, 50,000 are fixed and rest are variable. Fixed administration overhead are Rs. 2, 70,000 and variable administration overhead are Rs. 4, 80,000.

Q:4 A standard material cost to produced 100 kg of chemical D is as follow. **(15)**

Chemical	Quantity (kg)	Price per kg
P	30	4
Q	40	5
R	80	6

In the month of October 2016, 500 Kg. of chemical D was produced from following actual mix.

Chemical	Quantity (kg)	Price per kg
P	140	4.2
Q	220	4.8
R	440	6.5

Calculate :
1) Material cost variance
2) Material Price variance
3) Material Usage variance
4) Material mix variance
5)Material yield variance

OR

Q:4 (a) Data about labour employed in a factory to produced 1 unit of product X are as follow: **(08)**

	Hours	Wage rate Rs.	Total Payment Rs.
Men	10	3	30
Women	16	1	16
Boys	8	1.50	12
			58

Actual Situation: 200 units

	Hours	Wage rate Rs.	Total Payment Rs.
Men	1800	4	7200
Women	400	0.90	3600
Boys	1680	1.50	2520
			13,320

Calculate: 1) Labour Cost variance 2) wage rate variance
3) Labour efficiency variance 4) Labour Mix variance

Q:4 (b) Following is the information about sales by a company in April, 2016 **(07)**

	Standard			**Actual**		
	Quantity (units)	**Price Rs.**	**Amount Rs.**	**Quantity (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 :

1) Sales value variance 2) Sales price variance
3) Sales volume variance 4) Sales mix variance

**** BEST OF LUCK ****

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