

(A 10)

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SARDAR PATEL UNIVERSITY
BBA (V Semester) Examination

Monday, 16 March 2015

10.30 am - 12.30 pm

UM05CBBA02 - Management Accounting

Total Marks: 60

Q.1	(A) Define Management Accounting. Discuss its Scope in detail. (B) Explain basic characteristics of Management Accounting.	[8] [7]
	OR	
Q.1	(A) Discuss the Functions of Management Accounting. (B) Write note on Role of Management Accountant.	[8] [7]
Q.2	Prepare a Cash Budget for the three months ending 30th June 2014 from the information below.	[15]

Months	Sales Rs.	Materials Rs.	Wages Rs.	Overheads Rs.
February	14000	9600	3000	1700
March	15000	9000	3000	1900
April	16000	9200	3200	2000
May	17000	10000	3600	2200
June	18000	10400	4000	2300

- (2) Credit terms are:
 Sales/Debtors-10% 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 1/4 Months, Overheads 1/2 Months
- (3) Cash and bank balance on 1st April 2014 is expected to be Rs.6000.
- (4) Plant and Machinery will be installed in February 2014 at a cost of Rs.96000. The monthly installment of Rs.2000 is payable from April onwards.
- (5) Dividend at 5 % on Preference Share Capital of Rs.200000 will be paid on 1st June.
- (6) Advance to be received for Sale of Vehicles Rs.9000 in June.
- (7) Dividends from investments amounting to Rs.1000 are expected to be received in June
- (8) Income tax (advance) to be paid in June is Rs.2000.

OR

- Q.2 ABC Co. Ltd has prepared a budget for the production of 100000 units of a certain Commodity for a costing period as under. [15]

	Rs.
Raw materials	252000
Direct Labour	75000
Direct Expenses	10000
Works overheads (60 % Fixed)	250000
Administration Overheads (80 % Fixed)	40000
Selling overheads (50 % Fixed)	20000
The actual production during the Period was only 60000 units.	
Calculate the revised budgeted cost per unit.	

- Q.3 A Ltd has a production capacity of 200000 units per year. Normal Capacity utilisation is 90%. Standard Variable Production costs are Rs.11 per unit. [15]
 The fixed costs Rs.360000 per Year.
 Variable Selling costs Rs. 3 per unit.
 Fixed selling costs Rs.270000 per Year.
 Selling Price Rs.20 per unit.
 During the year ended on March 31, 2014. the production was 160000 units and sales were 150000 units.
 The closing stock on March 31, 2014 was 20000 units.
 The Actual Variable production costs for the year were Rs.35000 higher than standard.
 you are required to calculate the profit for the year using
 (1) Absorption Costing method
 (2) Marginal Costing method and also explain the reasons for the difference in two profits.

OR

- Q.3 (A) The Profit and Loss Account of Company for the year ended March 31, 2014 is as under [6]

	Rs.	Rs.
Sales		120000
Less-Cost of goods manufactured (Variable)		<u>75000</u>
Gross Margin or Contribution		45000
Less Operating Expenses		
Selling Expenses	15000	
Admn. Expenses	7500	<u>22500</u>
Net Profit		<u>22500</u>

The selling Expenses are 90% Variable and the administrative expenses are 20 % Variable.

Prepare the income Statement under Marginal Costing method.

- (B) Explain-Difference between Absorption Costing and Marginal Costing. [9]

- Q.4 The following information has been extracted from the records of a Company. [15]
 Standard Price-Raw material-A-Rs. 2 per Kg.
 Raw material-B-Rs. 10 per Kg.
 Standard Mix - A 75 %, B-25% (by Weight)
 Standard yield-90%
 In the period, the actual costs, usages and out-put were as follows.
 Used-2200 Kg. of A costing Rs. 4650
 800 Kg. of B costing Rs. 7850
 Out-put-2850 kgs. of products
 Calculate the all material Variables.

OR

Q.4 The details regarding the composition and the weekly wage rates of labour force engaged on a job Scheduled to be Completed in 30 weeks are as follows. [15]

Category of Workers	standard		Actual	
	No. of Workers	Weekly wage rate per Worker Rs.	No. of Workers	Weekly wages rate per Worker Rs.
Skilled	75	60	70	70
Semi Skilled	45	40	30	50
unskilled	60	30	80	20

The Work is actually Completed in 32 Weeks. Calculate the all Labour Variances.

