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DBB-010-001502

B. B. A. (Sem. V) (CBCS) Examination

April / May – 2015

Management Accounting-I

Faculty Code : 010
Subject Code : 001502

Time : $2\frac{1}{2}$ Hours] [Total Marks : **70**

Instructions : (1) Q. 1 contains 20 M.C.Q.; Question no. 2 to 5 descriptive questions.

(2) Answer all questions in main answer book.

(3) Show working note as a part of your answer.

(4) Right side figure contains marks.

1 Choose the correct answer from the options given below. 20

(1 mark each)

(1) Management accounting is helpful in increasing ______.

(A) Efficiency

(B) Profitability

(C) Liquidity

(D) Morality

(2) Financial Account's record only ______.

(A) Standard figures

(B) Actual figures

(C) Estimated figures

(D) Budgeted figures

(3) The use of management accounting is _______

(A) Compulsory

(B) Obligatory

(C) Optional

(D) None of these

(4) Financial Accounting deals with________

(A) Determination of cost

(B) Determination cost + prices

(C) Determination of price

(D) Determination of profit

(5) Calculate B.E.P. in units from the following information

* Total Cost Rs. 50,000

* Total sales (5,000 units) = Rs. 50,000

* Total variable cost = Rs. 30,000

(A) 5000 units

(B) 6000 units

(C) 2500 units

(D) 1000 units

(6) If net profit is 10% and P.V. Ratio is 50% what will be the Margin Of Safety (MOS) ?

(A) 40%

(B) 25%

(C) 50%

(D) 60%

(7) Sales Rs. 50,000 profit Rs. 10,000 and PVR 40% then BEP will be ?

(A) Rs. 40,000

(B) Rs. 50,000

(C) Rs. 25,000

(D) Rs. 30,000

(8) Margin of Safety means ________.

(A) Total sales

(B) Break even sales

(C) Total sales - cash sales

(D) Actual sales - BEP sales

(9) If P.V. Ratio is 40% and current selling price is reduced by 20%, then what will be the new P.V. Ratio ?

(A) 40%

(B) $33\frac{1}{3}\%$

(C) 60%

(D) 25%

(10) Income foregone by rejecting alternatives is known as _______ cost.

(A) Differential cost

(B) Relevant cost

(C) Opportunity cost

(D) Marginal cost

(11) The cost which differs at every alternative is known as ________

(A) Differential cost

(B) Relevant cost

(C) Opportunity cost

(D) Historical cost

(12) Total labour hours available : 1,40,000 hours product A, B and C required 5, 6 and 10 hours per unit respectively. If manufacturing of B is 7000 units and C is 9000 units. Then how many units of product A can be manufactured ?

(A) 1600 units

(B) 1200 units

(C) 2000 units

(D) 1800 units

(13) The difference between actual cost and budgeted cost is known as :

(A) Opportunity cost

(B) Differential cost

(C) Profit

(D) Variance

(14) Standard costing helps in ________

(A) Controling price

(B) Increasing profit

(C) Measuring efficiency

(D) Reducing losses

(15) Basic standard is established for a________

(A) Short period

(B) Indefinite period

(C) Long period

(D) None of these

(16) Budgetary control is a system of controlling

(A) Costs

(B) Profit

(C) Product

(D) None of these

(17) Zero base budgeting was first used by __________.

(A) Jimmy Carter

(B) Madhav Madhuvan

(C) Jyjy Jimmy

(D) Lord Krishna

(18) Which out of the following period an organized and scientific development of management accountancy is seen __________

(A) After 15^{th} century

(B) After 1950

(C) After 20^{th} century

(D) After 2000

(19) That level when total contribution equals to total fixed expenses is known as ______

(A) Profit making level

(B) Optimum level

(C) Break even point

(D) Ideal level

(20) Present sales mix product x 600 units and y 400 units and contribution per unit is Rs. 4 and Rs. 6 respectively. If this sales mix is changed and new sales mix x 400 units and y 600 units is implemented, then what shall be the change of contribution ?

(A) Reduction in contribution Rs. 400

(B) Increase in contribution Rs. 800

(C) Present contribution will remain unchanged

(D) Increase in contribution Rs 400.

2 The emphasis in financial accounting and managerial accounting differ in many respects – Explain in brief. 10

OR

2 The managerial objectives of accounting are to provide us data to help management plant and control operations – Discuss. 10

3 "Madhav Ltd." manufactures three types of products, A, B and C. Following information is available for the year ending 31st March 2013.

Product	Selling Price	Contribution	Unit sold in %
A	250	20%	30%
B	200	25%	40%
C	300	30%	30%

Total fixed cost is Rs 3,10,000. From the above information find out BEP in sales volume in units.

If the sales mix for A, B and C changed to 50%, 30% and balance (remaining) and no other data are changed, find out new BEP in units and rupees.

OR

3 The following data are available from the records of "Shivangi Ltd" if company can work at 100% capacity utilized and produce and sales amounted to Rs. 1,00,000 (10,000 units); if company can work at 60% level and sales Rs._______ 10

Variable cost is 50% to sales

Fixed cost is 25% to sales

(a) P.V.R. break-even point and margin of safety at 60% level

(b) Calculate the effect of 10% increase in sales price and PVR BEP and MOS.

4 "Amidhara Company Ltd." manufactures three different products. The data relating to their production cost per unit and selling price are as follows : 10

Particulars	Product-A	Product-B	Product-C
Production units	6,000	3,000	7,500
Materials	Rs. 36	Rs. 52	Rs. 60
Wages	Rs. 14	Rs. 18	Rs. 20
Variable overheads	Rs. 4	Rs. 6	Rs. 6
Fixed overheads	Rs. 10	Rs. 16	Rs. 18
Total cost	Rs. 64	Rs. 92	Rs. 104
Selling price	Rs. 80	Rs. 120	Rs. 122
Profit per unit	Rs. 16	Rs. 28	Rs. 18

The management is taking of discounting the production of one product and assures you that the production of remaiing two products will increase by 50%. They want to drop the production of product x as it's less profitable.

Do you accept this proposal in principle ?

If it is so, do you believe that the production of item "x" should be dropped ?

OR

4 "Jagruti Company Ltd." annually manufactures 10,000 units of A product at a cost of Rs. 8 per unit and there is home market for consuming the entire volume of production at the sales price of Rs. 8.50 per unit in the year 2012. There is a fall in the demand for home market which can consume 10,000 units only at a sales price of Rs. 7.44 per unit. The analysis of the cost per 10,000 unit is : 10

Materials .... Rs. 30,000

Wages .... Rs. 22,000

Fixed exp. .... Rs 16,000

Variable exp. .... Rs. 12,000

The foreign market is explored and it is found that this market can consume 20,000 units of the product. If offered at sale price of Rs. 7.10 per unit, it is also discovered that for additional 10,000 units of the product cover initial 10,000 units. The fixed overheads will increase by 20%. Is it worthwhile to try to capture the foreign market ?

Income from investments: Rs. 5,000 received quarterly in April, July etc.

Cash in hand : Rs. 5,000 on 31st March 2012.

5 The following figures are available from sales and cost's forecasts of "Jaydeep Company Ltd" for the year ended on 31st March 2013 at 50% (5,000 units) capacity utilization. 10

(i) Fixed expenses remain constant for all levels of production and sales.

(ii) Selling price between 50% and 75% capacity is Rs. 22 per unit.

(iii) Semi variable expenses will remain constant at 50% and 65% capacity but will increase by 10% between 65% to 80% capacity and 20% between 80% to 100% capacity.

(iv) At 90% level of activity materials cost increase by 2% and selling price is increased by 5%.

OR

5 From the following budget data; forecast the cash position at the end of April, May and June 2012. 10

Month	Sales Rs.	Purchases Rs.	Wages Rs.	Miscellaneous exp. Rs.
February	1,20,000	84,000	10,000	7,000
March	1,30,000	1,00,000	12,000	8,000
April	80,000	1,04,000	8,000	6,000
May	1,16,000	1,06,000	10,000	12,000
June	88,000	80,000	8,000	6,000

Additional Information :

- Cash sales : 20% realised in the month of sales; discount allowed 2% balance realised equally in two subsequent months.
- Purchase : These are paid in the month following the month of supply.
- Wages : 25% paid in arrears following month.
- Miscellaneous exp. paid a month in arrears.
- Rent : Rs. 1,000 per month paid quarterly in advance due in April.
- Income tax : First instalment of advance tax of Rs. 25,000 due on or before 15th June.
- at 100% level labour decreased by 5% and selling price is reduced by 5%.
- Fixed expenses are Rs. 62,000
- Semi variable exopenses are Rs. 40,000
- Variable expenses are materials Rs. 5 per unit; labour Rs. 2 per unit and direct expenses Rs. 1.50 per unit.

  Prepare a flexible budget at 60% 75%, 90% and 100% capacity and make profit forecast on these levels of activity.

6 Calculate missing information from the details given below : 10

Particulars	X	Y
Actual Quantity	?	280
Standard Quantity	200	?
Actual Price	30	40
Standard Price	24	30
Materials cost variance	?	?
Materials price variance	?	?
Materials use variance	?	2400 (adverse)

Total material mix variance = – 240

OR

6 The following is the standard mixture for the production of product "PIGU".

40% materials 'A' at Rs. 20 per ton

60% materials "B" at Rs. 30 per ton

Standard loss is 10% during production process.

Actual consumption during the year June 2008.

Materials A 90 tons at Rs. 18 per ton

Materials B 110 tons at Rs. 34 per ton

The weights prouced product "PIGU" is 189 kgs of goods product. Calculate the following variance :

(i) MCV

(ii) MPV

(iii) MMV

(iv) MYV