



MAK-010-001502

Seat No. _____

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

October / November – 2016

502 : Management Accounting - I
(New Course)

Faculty Code : 010

Subject Code : 001502

Time : 2½ Hours]

[Total Marks : 70

- Instructions :** (1) Give answer of all the questions in one answer book only.
 (2) How working as a part of your answer.
 (3) Figures to the right side indicate full marks of the question.

- 1 Charley Ltd. is producing three products A, B, C. The data 14 regarding cost, sales and profit are as under :

Product	Sales (Units)	Sales (Rs.)	Variable cost (Rs.)
A	2,000	10,000	4,000
B	1,000	5,000	3,000
C	1,000	5,000	3,000

The fixed costs are Rs. 5,000. The Company wants to change the sales mix from the existing proportion of 2:1:1 to 2:2:1 of the product A, B, C respectively.

You are required to calculate the number of units of each product which the company should sell to maintain the present profit.

OR

- 1 The following particulars are collected from the cost 14 record of Champion Ltd. :

Particulars	Product A (per unit) Rs.	Product B (per unit) Rs.
Selling Price	200	500
Material cost (Rs. 20 per kg)	40	160
Labour cost (Rs. 10 per hour)	50	100
Variable overhead	20	40

Total fixed overheads are Rs. 15,000.

Total raw material available is 1000 kg only and maximum sales potential of each product is 300 units.

You are required to ascertain a sales mix which maximizes the profit of the company.

- 2 Chintan Ltd. manufactures a machine and sales the same 14
at Rs. 33,000 which has been determined as under :

Particulars	Cost (Rs.)
Direct Materials	16,000
Direct Labour	3,000
Variable Overheads	5,000
Fixed Overheads	4,000
Total Cost	28,000
Profit	5,000
Selling Price	33,000

The installed capacity of the company is to manufacture 15 machines per month but the company is able to sell only 8 machines per month at present. The company receives an offer from foreign market to buy 5 machines at Rs. 26,000 per machine. The management seeks your advice whether to accept or decline this offer. Also compute the profit if the offer is accepted.

OR

- 2 Following information has been collected from the cost 14
record of Janata Ltd. for manufacturing a product :

Particulars	Product X Per unit Rs.	Product Y Per unit Rs.
Direct Materials	80	60
Direct Wages	60	40
Variable Overheads	90	60
Selling Price	250	200

Total fixed overheads are Rs. 7,500.

The BOD wants to adopt any one of the following Sales Mix for the next month :

- (1) X 250 units and Y 250 units
- (2) Y 400 units only
- (3) X 400 units and Y 100 units
- (4) X 150 units and Y 350 units.

Which of the above Sales Mix would you recommend to maximize the profit?

- 3 Anupam Ltd. manufactures product 'P', the standard material 14 cost of which has been fixed as under :

Materials	Standard		Actual	
	Quantity kg	Price Rs.	Quantity kg	Price Rs.
A	70	10	400	11
B	30	5	200	6
Total	100		600	
Less: Loss	15		60	
Actual Output	85		540	

Compute :

- (1) Direct Material Cost Variance,
- (2) Direct Material Price Variance,
- (3) Direct Material Usage Variance and
- (4) Direct Material Mix Variance.

OR

- 3 Aakar Ltd. furnishes the following information regarding 14 labour cost.

Standard Labour cost :

Grade X : 90 workers at Rs. 20 per hour

Grade Y : 60 workers at Rs. 30 per hour

Budgeted hours : 1,000,

Budgeted gross Production : 5,000 units

Standard Loss : 20%

Actual Labour Cost :

Grade X : 80 workers at Rs. 25 per hours

Grade Y : 70 workers at Rs. 20 per hours

Actual production: 4,100 units

Compute :

- (1) Direct Labour Cost Variance,
- (2) Direct Labour Rate Variance,
- (3) Direct Labour Efficiency Variance and
- (4) Direct Labour Yield Variance.

- 4 Following information is available in respect of Ajanta Ltd. : 14

- (1) Payment for materials purchased is made two months after the purchase.
- (2) Payment from customers is received one month after the sales.
- (3) Wages are paid in same month but expenses are paid in next month.
- (4) Cash balance at the beginning of April 2016 is Rs. 22,000.
- (5) Advance Income tax Rs. 15,000 is payable in June.
- (6) Dividend to be paid in July Rs. 12,000.

- (7) Cash balance in excess of Rs. 25,000 is converted in to Bank Fixed Deposit at the end of each month :

Month	Purchases Rs.	Sales Rs.	Wages Rs.	Expenses Rs.
February	2,20,000	3,30,000	50,000	10,000
March	2,40,000	3,60,000	65,000	13,000
April	2,60,000	3,90,000	70,000	13,500
May	2,80,000	4,20,000	70,000	14,500
June	3,00,000	4,50,000	80,000	13,000
July	3,20,000	4,80,000	86,000	14,000

Prepare cash budget for the period from April 2016 to July 2016.

OR

- 4 The expenses for budgeted production of 10,000 units in a company are estimated as under : 14

Cost	Rs.
Materials Cost	7,00,000
Labour Cost	2,50,000
Variable Expenses	50,000
Fixed Overheads	1,00,000
Selling & Distribution Expenses (20% fixed)	2,00,000
Administrative Expenses (10% fixed)	80,000

Selling price per unit is Rs. 160.

Prepare a budget for the production of 8,000 units and 6,000 units and compute net profit for each level of production.

- 5 Write Short Notes : (any four) 14

- (1) Functions of Management Accounting
- (2) Limitations of Management Accounting
- (3) Role of Management Accountant in decision making
- (4) Financial Accounting Vs. Management Accounting
- (5) Break-even-point
- (6) Key Factors
- (7) Advantages of Standard Costing
- (8) Budgetary control as a tool of management.