BBA Sem – (VI)

CC-312: Management Accounting

April/May -2021 Marks: 50

Instructions:
(1) All Questions in **Section I** carry equal marks.
(2) Attempt any **TWO** questions in section I
(3) Question **5** in **Section II** is **Compulsory**
(4) Attempt any ten questions in **Section II**

Section I

Q.1A For production of 1,000 electrical automatic irons, the following are the budgeted expenses: **(10)**

Particulars	Per Unit Rs.
Direct materials	240
Direct Labour	120
Direct expenses	20
Factory Overheads (of which Rs.60,000 fixed at all levels)	160
Administrative expenses (of which Rs. 20,000 fixed at all levels)	20
Selling expenses (10% fixed)	60
Distribution expenses (20% fixed)	20
Total cost per unit	640

Instruction:

1. Fixed expenses remain same at all level of production.
2. Additional variable expenses are increase by 10% at capacity of 1,000 unit, 20% at 1,200 unit and 30% at 1,400 unit.
3. Selling price per unit Rs.1,200 for 1,000 units; Rs. 1,500 for 1,200 units and Rs. 1,700 for 1,400 units. Prepare a flexible budget for 1,000 units, 1,200 units and 1,400 units

Q.1B A company manufactures three types of balls, basketball, football and volleyball. The sales budget for 2021 of the company shows the sales of Rs. 3,40,000, Rs.3,60,000 and Rs.3,70,000 respectively. Selling price of each types of ball is Rs. 100. **(10)**

The opening and closing balance of all three products are given below. You are required to prepare Production Budget for the year 2021.

Products	Opening Stock	Closing Stock
Basketball	1,100 units	1,200 units
Football	1,400 units	1,400 units
Volleyball	1,800 units	1,600 units

Q-2A The Standard mix of product "X" is as follow: **(10)**

Material	Kgs.	Price per Kg. (Rs.)
A	40	10
B	60	12

The Standard loss in production is 20% of input. Actual production was 4,000 Units.

Actual Purchases and consumption of material were as follows:

Material	Kgs.	Price per Kg. (Rs.)
A	1,600	15
B	2,400	10

Calculate : (1) Material price variance (2) Material usage variance
(3) Material cost variance (4) Material mix variance (5) Material yield variance

Q.2B What is meant by standard costing? States the advantages of standard costing. **(10)**

Q.3A Kia Ltd. is manufacturing and selling Product X for which a Component A is used. The company either purchase from out side or manufacture Component A in factory. Fixed overheads of a factory are Rs. 45,500 per annum. **(10)**

The exclusive manufacturing expenses of Component A is given below.

Particular	Per Unit Rs.
Material	50
Wages	30
Variable expenses	20

Additional quality testing expenses have to incur Rs. 1,000 per month. Companies requirement is 500 units of Component A during the year. Whether component A should be manufacture in the factory or should purchase from outside at Rs.122 per unit?

If company's requirement for Component A is 600 unit what will be your answer?

Q.3B Jayraj Corporation Ltd. has prepared the following budget estimates for the year 2021. **(10)**

1	Sales Unit	3,000
2	Fixed Expenses	Rs. 48,000
3	Sales Value:	Rs. 3,00,000
4	Variable Costs	Rs. 60 per Unit

You are required to find:

(1) P/V Ratio (2) Break-even point (3) Margin of safety (4) Amount of profit , when sales are Rs. 2,70,000 (5) Amount of sales required to earn profit at 10% on sales.

Q.4A Write a details note on Types of Responsibility Centers. **(10)**

Q.4B Discuss stages of life cycle costing. **(10)**

Section II

Q.5 Do as directed (Any 10) **(10)**

1. Cost-Volume-profit analysis is the technique of _____ Accounting.
   (a) Cost (b) Management
   (c) Financial (d) All of these

2. Purpose of management accounting is to.
   (a) help managers make decision (b) help investors make decision
   (c) help bank make decision (d) All of the above

3 Who is not the member of Budget committee?
   (a) Liquidator (b) Finance Manager
   (c) Accounts Manager (d) Sales Manager

4 When labour hour is a key factor, profitability of a product is decided on which of the following basis?
   (a) Contribution per hour (b) Contribution per unit
   (c) Labour cost per unit (d) None of these.

5 What is the producer's strategic objective at the start-up and production stage of the product life cycle?

(a) Cash flow and profit (b) Profit
(c) Sales Growth (d) All of the above

6 Target costing is linking factors like.

(a) Profit Planning (b) Market survey
(c) Value Analysis (d) All of the above

7 If contribution margin percentage is 30%, Selling price is Rs. 5000, then contribution margin per Unit will be.

(a) Rs. 1000 (b) Rs. 1200
(c) Rs. 1500 (d) Rs. 1800

8 If fixed cost is Rs. 30,000, contribution margin percentage is 40%, then breakeven revenue will be

(a) Rs.12,000 (b) Rs. 75,000
(c) Rs. 1,20,000 (d) Rs.1,75,000

9 In which stage of Product Life Cycle the manufacture efforts to maintain sales by advertisement and salesman.

(a) Introduction stage (b) Growth stage
(c) Maturity stage (d) Decline stage

10 Each product has to face stages of product life cycle-

(a) This is correct statement (b) This is incorrect statement
(c) This is partially correct statement (d) This is irrelevant statement

11 Management Accounting includes:

(a) Cost Accounting (b) Financial Accounting
(c) Cost Management (d) (a) and (b)

12 Standard costing technique is not ideal for small concerns because it is…

(a) Too technical (b) An expenditure technique
(c) Complicated (d) None of these

13 The efficiency variance is also known as:

(a) Quantity variance (b) Spending variance
(c) Rate variance (d) Budget variance

14 The centre responsible for revenue is

(a) Cost Centre (b) Revenue Centre
(c) Profit Centre (d) Investment Centre

15 Which variance is also known as Labour Gang composition variance?

(a) Labour Efficiency variance (b) Labour Mix variance
(c) Labour Rate variance (d) Labour Cost Variance