4/22

1308E220

Candidate's Seat No :______

M.Com.(HPP)(A.A.A) Sem-3 Examination

CC 14

Management Accounting-I

August 2021

Time : 2-00 Hours] **[Max. Marks : 50**

SECTION : I

(Attempt any TWO questions out of given questions from section I)

Q.1

Define Management Accountancy and Discuss the difference between Management Accounting and Financial Accounting. 20

Q.2

ABC Ltd. has prepared the following Sales Budget for the first five months of 2020 :

	Sales (Units)
January	10,800
February	15,600
March	12,200
April	10,400
May	9,800

Inventory of finished goods at the end of every month is to be equal to 25% of sales estimate for the next month. On 1st January 2020, there were 2,700 units of product on hand. There is no work in progress at the end of any month.

Every unit of product requires two types of materials in the following quantities :

Material A – 4 kg, Material B – 5 kg.

Materials equal to one half of the requirement of next month`s production are to be in hand at the end of every month. This requirement was also met on 1st January 2020.

Required : Prepare the following budgets for the quarter ending 31st March, 2020 :

(a) Production Budget (Quantitative), (b) Material Purchase Budget (Quantitative).

20

PTO

E 220/2

Q.3

Following information is obtained from the cost department of R Ltd.:

Standard Cost Card	**Per unit ₹**
Material Cost (2 kg. at ₹5 per kg.)	10
Direct wages (Hours 2 at ₹1 per hour)	2
Variable overheads (Hours 2, at ₹1 per hour)	2
Fixed overheads (Hours 2 at ₹2 per hour)	4
Total Standard cost	18
Standard profit per unit	2
Standard selling price per unit	20

Normal production capacity 5,000 units.

Budgeted production and sales 5,000 units.

Actual data:	**₹**
Materials consumed : 8,250 kg. at ₹4.80 per kg.	39,600
Wages : 9,000 hours at ₹0.80 per hour	7,200
Variable overheads	8,100
Fixed overheads	19,000
Actual production and Sales (at ₹21 per unit)	84,000

You are required to compute different variances and reconcile the budgeted profit with actual profit. **20**

Q.4

(A)

In P Ltd. an adverse material usage variance of ₹72,000 was reported in March 2020. The cost of investigation the variance would be ₹15,000 and the cost of corrective action, if the variance proves to be controllable, would be ₹18,000. It is estimated that the savings which would be earned from correcting the variance, if it were controllable would be ₹80,000. The probability that the variance is controllable is 0.40. State whether the variance should be investigated? Use cost benefit model. **10**

(B)

Explain the problems arising in interpretation of Inflation and price variance. **10**

SECTION : II

(Attempt any FIVE MCQs out of given from section II)

Q.5 Select the appropriate alternative: **10**

(1) One of the following is not within the scope of Management Accounting :

(A) Formulation of policies

(B) Classification and collection of costs

(C)Decision making on alternative courses of action

(D)Planning and co-ordinating the activities of the business enterprise

(2) Operating Variance =________________.

(A) Original standards - Revised standards

(B) Revised standards - Actual results

(C)Original standards - Actual results

(D)None of these

(3) As per opportunity cost approach material price variance =______________

(A) Actual Quantity (Standard Price - Actual Price)

(B)Actual Quantity (Revised Standard Price - Actual Price)

(C)Standard Quantity (Actual Price - Standard Price)

(D)None of these

(4) As per opportunity cost approach material price variance =______________

(A) Actual Quantity (Standard Price - Actual Price)

(B)Actual Quantity (Revised Standard Price - Actual Price)

(C)Standard Quantity (Actual Price - Standard Price)

(D) None of the above

(5) Which of the following is not a type of Budget ?

(A) Sales Budget

(B) Cash Account

(C) Cash Budget

(D) All of the above

(6) Which of the following will NOT appear in a cash budget?

(A) Machinery bought on hire purchase

(B) Depreciation of machinery

(C) Sales revenue

PTO

(D) Wages

(7) The fixed-variable cost classification has a special significance in the preparation of...........

(A) Flexible budget

(B) Master budget

(C) Cash budget

(D) Capital budget

(8) Master Budget is also known as ______________

(A)Cash Budget

(B) Summary budget

(C) Sales Budget

(D) None of these

(9) Sales Margin Volume Variance =

(A) Standard profit per unit (Budget units - Actual units)

(B) Standard profit per unit (Actual units - Budget units)

(C) Budget units (Standard profit per unit - Actual profit per unit)

(D)Actual units (Standard profit per unit - Actual profit per unit)

(10) The difference between hours paid and hours worked is known as ____________.

(A)Idle time variance

(B) Labour rate variance

(C) Labour efficiency variance

(D) None of these

(11) Under Single plan method, the WIP Account is Debited at_____

(A) Standard Cost

(B) Budgeted Cost

(C) Actual Cost

(D)None of Above

(12) Under Partial plan method, the Material Price Variance is determined based on ________

(A) Purchase Quantity

(B) Consumed Quantity

(C) Budgeted Quantity

(D)None of Above