

AE-104

April-2023

B.B.A., Sem.-VI**CC-312 : Management Accounting****Time : 2½ Hours]****[Max. Marks : 70****Instruction :** Show necessary working notes.

1. The following particulars are available from the records of a manufacturing company for two levels of activity :

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Particulars	60% ₹	100% ₹
Direct Material	27,000	45,000
Direct wages	18,000	30,000
Indirect wages	9,000	15,000
Repairs and maintenance	19,500	28,500
Rent	36,000	36,000
Depreciation	30,000	30,000
Insurance	18,000	18,000
Administrative Overheads	30,000	42,000
Selling overheads	18,000	24,000

Total production at 100 % capacity is 15,000 units. Prepare a flexible budget at 70% and 90% capacity.

OR

- (A) XYZ company manufactures two products M and N. It has three shops in Surat selling these products. The Sales Manager of the company has given following estimates for the year 2023.

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	Shop No. 1	Shop No. 2	Shop No. 3
Product M (Units)	20,000	28,000	10,000
Product N (Units)	24,000	36,000	6,000

- (1) The selling price of M is ₹ 80 per unit and selling price of N is ₹ 60 per unit.
- (2) It is estimated by the sales manager that sales of N in Shop No. 1 can be increased by 8,000 units by substantial increase in advertisement and sale of N in Shop No. 3 can be increased by 4,000 units by making necessary adjustments in the administration of Production and Sales office.
- (3) In respect of both products, the sale of Shop No. 2 is not satisfactory and increase of 20 % is required.

Prepare Sales Budget for the year 2023.

- (B) Discuss significance of Budgetary Control in brief.

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2. The standard mix of product is as follows :

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Materials	Kgs.	Price per kg. ₹
A	5	10
B	3	12
C	2	15

The standard loss in production is 10% of the input. There is no scrap value. The actual production was 9,000 kgs. The actual consumption of materials and cost were as follows:

Materials	Kgs.	Price per kg. ₹
A	4,750	11
B	3,500	11
C	2,400	16

From the above information, calculate the following variances:

- (1) Material Cost Variance
- (2) Material Price Variance
- (3) Material Usage Variance
- (4) Material Mix Variance
- (5) Material Yield Variance

OR

The standard labour composition and the actual labour composition engaged in a Job for 5 weeks are as under :

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Category of Workers	Standard No. of Workers	Standard Weekly wage rate per worker ₹	Actual No. of Workers	Actual Weekly wage rate per worker ₹
Grade A	20	160	25	140
Grade B	25	140	30	150
Grade C	15	100	5	120

The work is actually completed in 6 weeks. Calculate :

- (1) Labour Cost Variance
- (2) Labour Rate Variance
- (3) Labour Efficiency Variance
- (4) Labour Mix Variance
- (5) Labour Sub Efficiency Variance

3. A company is producing three different products. The details of the same are as under : **14**

Particulars	P	Q	R
Selling price per unit	₹ 336	₹ 312	₹ 222
Requirement per unit :			
Direct Material	10 kgs.	12 kgs.	6 kgs.
Direct Labour	12 hours	10 hours	8 hours
Variable Overheads (% of Labour Cost)	50%	50%	50%
Cost of direct material per kg.(₹)	9	9	9
Direct Labour hour rate (₹)	12	12	12
Maximum sales units	15,000	6,000	18,000

The total fixed overheads amount to ₹ 2,70,000. Find out the optimum product mix and optimum profit assuming that raw material is a limiting factor. If the total raw material available is 2,94,000 kgs.

OR

- (A) The following information has been obtained from the books of Nivaan Ltd. : **7**

Sales at Present ₹ 3,60,000
 Fixed Cost ₹ 1,08,000
 Variable Cost ₹ 2,16,000

You are required to calculate :

- (1) P.V. Ratio
- (2) BEP Sales
- (3) Margin of Safety in rupees as well in percentages (%)

- (B) Explain the terms : **7**

- (1) Opportunity Cost
- (2) Sunk Cost

4. What is responsibility centres ? Discuss various types of responsibility centres. **14**

OR

- (A) Discuss stages of life cycle costing. **7**
 (B) Explain benefits of Activity Based Costing. **7**

5. Do as directed : (Any Seven)

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- (1) Statutory audit is the tool and technique of Management Accounting (True/False)
- (2) Key factor is also known as _____. (Limiting factor/Forecasting)
- (3) _____ costs do not change with the output.
 - (a) Fixed
 - (b) Variable
 - (c) Both (a) and (b)
 - (d) None of the above
- (4) Write the formula of Sale Value Variance.
- (5) Labour Cost Variance = Labour Rate Variance + Labour Efficiency Variance. (True/False)
- (6) What would be Material Cost Variance, if Standard Material cost is ₹ 10,000 and Actual Material cost is ₹ 7,000 ?
 - (a) + ₹ 3,000 (F)
 - (b) + ₹ 7,000 (F)
 - (c) + ₹ 10,000 (F)
 - (d) None of the above
- (7) If Variable Cost ratio is 40%, then Profit Volume ratio is _____. (60%/40%)
- (8) Break Even Point represents point of sales at which incomes and expenses are equal. (True/False)
- (9) Define : Margin of Safety.
- (10) Define : Target Costing.
- (11) Which are the methods of transfer pricing ?
 - (a) Cost Based Methods
 - (b) Market Based Methods
 - (c) Arbitrated Based Methods
 - (d) All of the above
- (12) In responsibility accounting, the outputs are termed as _____.
 - (a) Money
 - (b) Cost
 - (c) Revenue
 - (d) Income
