Seat No. : _______________

AF-123

April-2015

B.B.A., Sem.-VI

CC-312 : Management Accounting

Time : 3 Hours] **[Max. Marks : 70**

Instructions : (1) Figures to the right indicate marks.
(2) Show calculations as part of your answer.

1. (a) Define Management Accounting. List the tools/techniques of management accounting. **4**

(b) The following particulars are available from the records of XYZ Co. for two levels of activity : **10**

	60%	**100%**
Cost of direct material	18,000	30,000
Direct wages	6,000	10,000
Indirect wages	12,000	20,000
Power and fuel	7,500	11,500
Repairs and maintenance	6,500	9,500
Rent	18,000	18,000
Depreciation	12,000	12,000
Administration overhead	20,000	28,000
Selling overhead	6,000	8,000
Insurance	8,000	8,000

Total production capacity at 100% is 10,000 units. Prepare a flexible budget at 70% and 90% capacity.

OR

(a) Explain the meaning of Budgetary control and discuss its significance in brief. **7**

(b) ABC Chemicals Ltd. manufactures two products X and Y by mixing the following raw-materials in the proportion shown below : **7**

Product X : Raw-material : A $\longrightarrow$ 70%, B $\longrightarrow$ 30%

Product Y : Raw-material : C $\longrightarrow$ 60%, D $\longrightarrow$ 40%

The weight of finished products X and Y are equal to the weight of their ingredients.

During December 2014, it is expected that 1200 kgs of Product X and 4000 kgs of Product Y will be sold.

Actual & Budgeted inventories for the month of December are as follows :

Raw-material	**Actual (1-12-2014)**	**Inventory (kg.)**	**Budgeted (31-12-2014)**	**Inventory (kg.)**
A	"	240	"	200
B	"	140	"	120
C	"	920	"	800
D	"	400	"	440
Product X	"	160	"	80
Product Y	"	800	"	1000

The purchase price of materials for December is expected to be as follows :

A : Per kg. ₹ 25

B : Per kg. ₹ 40

C : Per kg. ₹ 10

D : Per kg. ₹ 20

All materials will be purchased on 8-12-2014 :

From the above information, prepare :

(a) Product budget for December 2014

(b) Material requirement budget for December 2014

(c) Material purchase budget for December 2014.

2. The standard cost of certain chemical mixture is as follows : **14**

40% Material X at ₹ 40

60% Material Y at ₹ 60

A standard loss of 10% is expected in production. During a period, there is used :

180 kgs. of material 'X' at ₹ 36 per kg

220 kgs. of material 'Y' at ₹ 68 per kg

The weight produced is 378 kg of good production.

Calculate the following :

(i) Material Price Variance

(ii) Material Mix Variance

(iii) Material Yield Variance

(iv) Material Usage Variance

(v) Material Cost Variance

OR

(a) From the following data, calculate Labour variances : **7**

	Standard	**Actual**
Number of workers employed	100	90
Production in units	5000	4800
No. of working days during the month	20	18
Average monthly wages per worker	₹ 200	₹ 198

(b) Data about sales by a company in April, 2015 are as follows : **7**

Standard Quantity	300 units
Standard Price	₹ 40 per unit
Actual Quantity	280 units
Actual Price	₹ 42 per unit

Calculate sales value variance, sales price variance and sales volume variance.

3. (a) Explain the following terms : **4**
   (i) Sunk Cost
   (ii) Differential Cost

(b) Following data have been produced by the board of ABC Ltd. : **10**

	₹
Selling price per unit	200
Direct material per unit	80
Direct wages per unit	40
Variable overhead	32
Fixed overhead	96,000

Calculate the following :
(i) Profit-Volume ratio
(ii) BEP in units and in sales (₹)
(iii) Profit if sales are 20% above the BEP
(iv) Sales required to earn a profit of ₹ 1,02,000.

OR

(a) State the meaning and assumptions of Cost-Volume Profit (CVP) analysis. **4**

(b) From the following particulars, find out the most profitable product mix and total optimum profit : **10**

	A	**B**	**C**
Units budgeted to be produced and sold	5,400	9,000	3,600
Selling price per unit	₹ 180	₹ 164	₹ 150
Requirement per unit :			
Direct Material	15 kg	9 kg	12 kg
Direct Labour	6 hours	4 hours	3 hours
Variable Overhead	₹ 22	₹ 40	₹ 24
Cost of direct material per kg (₹)	6	6	6
Direct Labour hour rate (₹)	6	6	6
Maximum sales units	12,000	10,000	4,400

Total fixed overhead is ₹ 1,80,000. All products are produced from the same direct material using the same type of machines and labour. Direct labour is the key factor which is limited to 55,600 hours.

4. (a) Define Responsibility Accounting. Discuss its advantages and limitations. **7**

OR

What is transfer pricing ? Explain in brief the various types of transfer pricing.

(b) Write short notes : (any **two**) **7**

(i) Life Cycle Costing

(ii) Methods for setting target costs

(iii) Advantages of activity based costing

5. Do as directed : **14**

(1) In management accounting, the analysis is done for :

(a) Monetary transactions (b) Non-monetary transaction

(c) Both (a) and (b) (d) None of the above

(2) Budget is prepared for _________ period of future time.

(a) 1 year (b) definite

(c) indefinite (d) 1 month

(3) Define Flexible Budget.

(4) Materials Purchased = Required production + Desired Closing Stock – Opening Stock. State true or false.

(5) Standard costing is a technique of profit control. State true or false.

(6) The purchase department manager is usually held accountable for :

(a) Material price variance

(b) Labour efficiency variance

(c) Material usage variance

(d) Fixed overhead budget variance

(7) Sales volume variance can be further sub-divided into sales mix variance and Sales sub – volume variance. State true or false.

(8) Give formula for Margin of Safety.

(9) BEP in units = Fixed cost / ________ (contribution per unit / Profit – Volume ratio / Variable cost per unit).

(10) Define Profit – Volume Ratio.

(11) Opportunity cost is not a useful concept in managerial decision-making. State true or false.

(12) State the four types of responsibility centres.

(13) Define : 'Target Costing'.

(14) Labour cost variance = Labour rate variance + _________ (Fill in the blank)