2811N842 Candidate's Seat No :_________

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

CC 14

Management Accounting-I

November-2024

Time : 2-30 Hours] **[Max. Marks : 70**

Q.1

(A) The following data are given for Miral Ltd. for the month of October 2024:

Estimated data:

	₹
Production and sales (9,000 units at ₹60)	5,40,000
Variable cost at ₹25 per unit	2,25,000
Fixed Cost	75,000

Due to machine breakdown production for 4 days out of working 24 days was lost.

Actual data:

	₹
Production and sales (8,000 units at ₹60)	4,80,000
Variable cost at ₹25 per unit	2,00,000
Fixed Cost	75,000

From the above details, calculate the followings with reference to profit:

(i) Planning Variance

(ii) Operational Variance **7**

(B) Explain the difference between Management Accounting and Financial Accounting in brief. **7**

OR

Q.1 The following details are of Naiti Ltd. for the year 2023-24:
Standard cost of materials per unit of finished product: 5 kgs. at ₹10 per kg.
Actual production: 2,000 units
Actual material cost: 12,000 kgs. at the cost of ₹11 per kg.
The changes in the government's policy resulted in the possible purchase price of ₹8 per kg.
You are required to calculate the material cost variance from the above details as per;

(i) Opportunity cost approach and

(ii) Traditional approach: **14**

Q.2

(A) How Fixed and Flexible Budgets are different from each other? Explain. **7**

(B) Explain the advantages of Budgetary control. **7**

OR

Q.2 Renu Ltd. has prepared the following Sales Budget for the first five months of 2025:

	Sales (Units)
January	1,080
February	1,560
March	1,220
April	1,040
May	980

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 2025, there will be 270 units of product on hand. There is

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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 will also be met on 1st January 2025.
Required:
Prepare the following budgets for the quarter ending 31st March, 2025:
(a) Production Budget (Quantitative), (b) Material Purchase Budget (Quantitative). **14**

Q.3 Minu Ltd.'s master budget called for the production and sales of 20,000 units of product Varun at ₹10 per unit. During the year 2023-24, units produced were 19,000 which were sold for ₹1,85,250.
Actual costs incurred and related variances during the year 2023-24 are as under:

		₹	Variances
(1)	Materials (9,600 kgs., per kg. ₹1.95)	18,720	Price ₹480 (Fav) Usage ₹200 (Adv.)
(2)	Labour (5,200 hours, per hour ₹3.05)	15,860	Rate ₹260 (Adv) Efficiency ₹1,350 (Adv)
(3)	Variable Overheads	28,400	Expenditure ₹1,000 (Fav) Efficiency ₹900 (Adv)
(4)	Fixed Overheads	39,800	Expenditure ₹200 (Fav.) Volume ₹2,000 (Adv.)

As per the standard cost card, each finished unit requires 1/2 kg. of materials and 1/4 hour of labour time.
From the above details, you are required to:
(1) Prepare the original budget stating all details of standards specified for production and
(2) Prepare an operating statement showing the reconciliation of budgeted profit with the actual profit. **14**

OR

Q.3 Explain the difference between Partial plan and Single plan. **14**

Q.4
(A) Mone Ltd. using a detailed system of Standard Costing finds that the cost of investing of variance is ₹20,000. If after investigation an out-of-control situation is discovered, the cost of correction is ₹30,000. If no investigation is made, the present value of the extra cost involved is ₹1,50,000. The probability of the process being in control is 0.80. Answer the followings:
(i) Whether investigation of the variance should be undertaken or not?
(ii) The probability at which it is desirable to company investigation into variance. **7**

(B) Explain the problems arising in Controllability of variance. **7**

OR

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Q.4

(A) Explain Cusum Chart. 7

(B) In Sarangi Ltd. an adverse material usage variance of ₹7,200 was reported in March 2024. The cost of investigation the variance would be ₹1,500 and the cost of corrective action, if the variance proves to be controllable, would be ₹1,800. It is estimated that the savings which would be earned from correcting the variance, if it were controllable would be ₹8,000. The probability that the variance is controllable is 0.40. State whether the variance should be investigated? Use cost benefit model. 7

Q.5 Select the appropriate alternative: **(Attempt any Seven out of given)** **14**

(1) In the formula C < (1 - P) L, C denote for -
(A) Cost of corrective measures
(B) Cost of investigation
(C) Cost of control
(D) None of the above

(2) Which technique (method) is not of Management Accounting?
(A)Standard Costing
(B) Marginal Costing
(D) Budgetary Control
(D)Contract Costing

(3) A fixed budget is..........
(A) A budget that ignores inflation
(B) A budget that is set for a specified level of activity
(C) A budget that never changes
(D) A budget that itemizes the fixed costs of a department

(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 these

(5) Which of the following is not a type of Budget?
(A) Sales Budget
(B) Cash Budget
(C) Bank Account
(D) Purchase Budget

(6) Material Price Variance = ______________.
(A) Actual Quantity (Standard Price - Actual Price)
(B)Standard Quantity (Standard Price - Actual Price)
(C)Actual Price (Standard Quantity - Actual Quantity)
(D)None of these

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(7) Which of the followings is not a cost-variances investigation model?
(A) Statistical signification model
(B)Cost-benefit model
(C) Control chart model
(D) Graphical model

(8) Material Cost Variance = - 52,000 (A)
Material Usage Variance = + 26,000 (F)
Material Price Variance = (?)
(A) ₹+ 78,000 (F)
(B) ₹ - 78,000 (A)
(C) ₹ + 26,000 (F)
(D) ₹ - 26,000 (A)

(9) Under Partial plan method, the Material Price Variance, Labour cost variance and Factory Overhead variances are recorded in _____
(A) WIP Account
(B) Cost of Sales Account
(C) Actual Cost
(D)None of the above

(10) Operating Variance =_______________.
(A) Original standards - Revised standards
(B) Revised standards - Actual results
(C)Original standards - Actual results
(D)None of the above

(11) Which of the following will NOT appear in a cash budget?
(A) Purchase of Machinery
(B) Depreciation of Plant
(C) Sales revenue
(D) Wages

(12) Management Accounting is an extension of -
(A) Cost Accounting
(B)Financial Accounting
(C)Financial Management
(D)None of the above

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