

PARUL UNIVERSITY
FACULTY OF MANAGEMENT
BBA Mid Term- 2020 Examination

Semester: VI
 Subject Code: 06101355
 Subject Name: Management Accounting

Date: 04/03/2020
 Time: 2hr:00min
 Total Marks: 40

Instructions :

1. All questions are compulsory.
2. Figures to the right indicate full marks.
3. Make suitable assumptions wherever necessary.
4. Start new question on new page.

Q.1 Do as Directed.**A) Multiple choice type questions. (Each of 1 mark)****(03)**

1. When accurate forecast of sales and revenue are not possible during the budget period, management will make use of _____.

- | | |
|-------------------------|-----------------------|
| a. Fixed Budgeting | b. Cash Budgeting |
| c. Functional Budgeting | d. Flexible Budgeting |

2. The expected costs per unit of input are called _____.

- | | |
|----------------------|---------------------------|
| a. Standard Costs | b. Standard prices |
| c. Standard Quantity | d. Standard cost allowed. |

3. In decision making, each of the following would affect the Break Even Point except a change in the _____.

- | | |
|-------------------------|---------------------------|
| a. Number of units sold | b. Variable cost per unit |
| c. Total fixed cost | d. Selling price per unit |

B) Define the following. (Each of 1 mark)**(03)**

1. Flexible Budget
2. Management accounting
3. Standard Costing

Q.2 Answer the following questions.

A) Despite close inter-relationship between financial accounting and management accounting – both are not identical. “Do you agree with this statement? Evaluate this statement. **(05)**

B) Following Information is provided of Alpha Chemicals Ltd. for present year. **(07)**

Materials	Standard	Actual
A	240 Units at Rs. 16	300 units at Rs. 15
B	180 Units at Rs. 12	190 units at Rs. 13
	420 units	490 units

Calculate :

- a. Material cost variance
- b. Material price variance
- c. Material usage variance
- d. Material Mix Variance

Q.3 Answer the following questions.

A) A Company Engaged in manufacturing soaps is working at 40% capacity and produces 12,000 units per annum. (05)

The present cost break up for one soap is as under :

- Material Rs. 300
- Labour Rs. 175
- Overheads Rs. Rs. 50 (50% Fixed cost)

If it is decided to work at 75% capacity, the selling price and materials cost falls by 10% . Calculate profit and Break Even point (In units and in Sales) at 75% Capacity.

B) A factory manufactures two products M and N by using two types of raw materials in the proportion shown below: (07)

- Product M : Raw Material X : 60% Y : 40%
- Product N : Raw Material A : 75% Y : 25%

The finished weight of products M and N are equal to the weight of their ingredients. During May 2020 it is expected that 1,000 kgs of Product M and 5,000 kgs of Product N will be sold.

Actual and budgeted inventories for the month of August are as follows :

Particulars		Opening Stock	Closing Stock
Raw Materials	X	200	160
	Y	100	80
	A	1000	950
	B	500	550
Product	M	120	100
	N	1000	1200

The purchase of price of materials for May month is expected to remain as follows:

- X: Rs. 60 per kg
- Y: Rs. 50 per kg
- A: Rs. 25 per kg
- B: Rs. 45 per kg

Using above mentioned information prepare :

1. Production Budget
2. Material Requirement Budget
3. Material Purchase Budget

Q.4 Attempt any one question. (Each of 10 mark)

1. The following particulars are available from the Hutch Manufacturing company at 60% and 80% level : (10)

Particulars	60%	80%
	Rs.	Rs.
Output(in units)	60,000	80,000
Direct Materials	3,60,000	4,80,000
Direct Wages	9,00,000	12,00,000
Direct Expenses	1,80,000	2,40,000
Indirect Materials	45,000	60,000
Shop Labour	18,000	24,000
Maintenance	24,000	30,000
Inspection	4,800	5,400
Depreciation	30,000	30,000
Insurance	15,000	15,000
Salaries	18,000	18,000

Total Production at 100% capacity is 1,00,000 units. Prepare Flexible Budget for 70% and 100% Capacity.

2. Standard data about labour employed in a factory to produce one unit of product N are as follows :

	Hours	Wage Rate	Total Payment
Skilled Workers	10	3	30
Unskilled Workers	16	1	16
Semi- skilled Workers	8	1.5	12
			58

Actual Situation :

Actual Production 200 units

	Hours	Wage Rate	Total Payment
Skilled Workers	1800	4	7200
Unskilled Workers	4000	0.9	3600
Semi- skilled Workers	1680	1.5	2520
	7480		13,320

Calculate following variances :

1. Labour cost variance
2. Wage rate variance
3. Labour efficiency variance
4. Labour mix variance