Seat No:______________ Enrollment No:______________

PARUL UNIVERSITY

FACULTY OF MANAGEMENT

BBA Summer 2021-22 Examination

Semester: 6 **Date: 31/03/2022**
Subject Code: 06101355 **Time: 10.30 am to 1.00 pm**
Subject Name: Management Accounting **Total Marks: 60**

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/Fill in the blanks. (Each of 1 mark) **(05)**

1. The semi-variable expenses of a firm were Rs. 90,000 at 50% production capacity. The semi variable expenses remain same between 40% - 70% capacity. Between 75% -100% Capacity semi variable expenses increases by 10%.
   What would be the semi variable expenses at 80% Capacity?
   a) 95,000 c) 99,000
   b) 1,05,000 d) 1,10,000
2. Neo-info is selling its product at Rs. 245 per unit and variable cost of producing that product is Rs. 160. Then What would be Variable cost ratio ?
   a) 34.32 % c) 60%
   b) 65.31% d) 35%

3 In Management accounting the analysis is done for__________________________________.
   a) Monetary transactions c) Non- Monetary transactions
   b)Both (a) and (c) d) None of the above

4 A company has recently purchase material costing Rs.175 per kg. It has purchased 25 kg. of material. Standard cost of material set by company is Rs. 4500.
What would be material cost variance?
   a) Rs. 100 c) Rs. 75
   b) Rs. 125 d) Rs. 150

5. Transfer pricing methods includes_______________________.
   a) Cost Based method c) Market Based Method
   b) Arbitrated method d) All of the above

B).Define the following. (Each of 1 mark) **(05)**

1. Budgetary Control
2. Standard Cost
3. Profit Volume Ratio
4. Key factor
5. Activity Based Costing

C).Direct questions. (Each of 1 mark) **(05)**

1.State any four tools of management accounting.
2.How fixed cost is different from variable cost.
3.Provide Formula : Sales Value Variance
4.If Break Even sales is Rs.5,00,000 and Actual Sales is Rs.6,15,000. What would be Margin of safety ?
5.What is marginal costing ?

Q.2 Answer the following questions.

A). Cost accounting and management accounting though are closely inter related, both are not identical. Evaluate this statement with explanation. **(07)**

B). Viyan Smartphones Ltd. has supplied following information regarding production of smartphones for the year ending on December 2019. **(08)**

Materials	**Standard Price per Kg.**	**Standard weight for output of 1 unit**	**Actual Usage for output of 36 units**	**Actual Price per kg.**
P	Rs. 10	2	72	Rs. 12
Q	Rs. 1	4	108	Rs. 1
R	Rs. 5	3	126	Rs. 4
Total		9	306	

Compute using above information :
1. Material Cost Variance
2. Material Price Variance
3. Material Usage Variance

Q.3 Answer the following questions.

A). The following data is available from the books of Ninand Music series Ltd for the year 2019. **(07)**
Selling Price –Rs. 80 per unit
Variable manufacturing Expenses – Rs. 40 per unit
Variable selling expenses – Rs. 12 per unit
Fixed Factory Expenses –Rs. 16,20,000
Fixed Selling Expenses – Rs. 7,25,000
Sales During the year- Rs. 85,00,000
Using above mentioned information compute :
1. Profit volume ratio
2. Break Even Point(in units and in Rs.)
3. Margin of safety (in Rs.)
4. Number of units to be sold to earn profit of Rs. 1,80,000
5. Profit when sales are Rs. 90,00,000.

B). Define transfer pricing and explain in detail cost based and market based method of transfer pricing. **(08)**

Q.4 Attempt any two questions. **(Each of 7.5 mark)** **(15)**

1 Mayur Ltd. produces 5000 units of product "M" at 100% capacity. The following information has been derived from the company's books of accounts :

Particulars	**Nov-19**	**Dec-19**
Production	3,500 Units	4,500 Units
Direct Materials	Rs. 35,000	Rs. 45,000
Direct wages	Rs. 17,500	Rs. 22,500
Repairs and Maintenance	Rs. 8,000	Rs. 9,000
Direct Expenses	Rs. 10,500	Rs. 13,500
Consumable Stores	Rs. 3,500	Rs. 4,500
Salaries	Rs. 12,000	Rs. 12,000
Inspection	Rs. 3,000	Rs. 3,600
Depreciation	Rs. 5,000	Rs. 5,000

Prepare flexible budget using given information for 80% and 100% capacity and compute total cost at both capacity of production.

2 Luxembor beverages ltd is into production of soft drinks and juices since 2012 December month. It has recently started using standard costing to exercise control on cost incurred by company. Standard Labour cost of producing one bottle of Softdrink- “Xolo” is 10 hours at Rs. 32 per hour.

During the month December 2019, the production and labour cost incurred for production of “Xolo” are as under :

Production : 500 units
Hours worked : 4200 hours
Idle time : 300 hours
Wages paid : Rs. 1,35,000

Calculate : 1. Direct Labour cost variance　　2. Direct Labour Rate Variance
3.Direct Labour Efficiency Variance　　4. Idle time Variance

3. Sumo Ltd. is engaged in manufacturing of plastic buckets, It is producing 1,00,000 buckets at 50% capacity.
   The present cost break up for one bucket is as under:
   Direct Materials –Rs. 275
   Direct Labour –Rs. 30
   Variable Overhead – Rs. 20
   Selling Price per unit of Bucket is Rs. 360
   Total fixed expense of the company is Rs. 2,50,000.
   If company operates at 60% capacity selling price falls by 5% and at 90% capacity selling price and materials cost both falls by 10%.
   Compute : a. Break Even Point at 60% and 90% capacities.
   b. Profit at 60% and 90% capacities.

4 . Define Activity Based costing and discuss in detail steps involved in implementing Activity based costing.