Seat No:_______________ Enrollment No:_______________

PARUL UNIVERSITY

FACULTY OF COMMERCE

B.Com.(Hons) Winter 2019 – 20 Examination

Semester: 5 **Date: 18/11/2019**
Subject Code: 16100301 **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. (Each of one mark) **(06)**

1. ABC stands for:
   a) Activity Based Costing b) Analysis based costing
   c) Accounting based costing d) All of the above
2. Management accountancy is a structure for
   a) Costing b) Decision making
   c) Accounting d) Management
3. Management accounting deals with
   a) Quantitative information b) Qualitative information
   c) Both a and b d) None of the above
4. The following is (are) the indirect labour cost(s)
   a) Wages paid to storekeeper b) Salary of works manager
   c) Wages paid to gatekeeper d) All of the above
5. Which of the following is an advantage of standard costing?
   a) Measuring efficiency b) Facilitates cost control
   c) Determination of variance d) All of the above
6. The assets of a business can be classified as
   a) Only fixed assets b) Only current assets
   c) Fixed and current assets d) None of the above

B) Definitions / One-liners / Terms. (Each of one mark) **(06)**

1. Marginal Costing
2. ABC
3. Standard Costing.
4. Cost Pools
5. Budget
6. Formula For Margin of Safety

Q.2 Numerical / Short Note Questions. (Each of 04 mark) **(12)**

1. The following data is given:
Fixed Cost = Rs 12,000
Selling Price = Rs 12 per unit
Variable cost = Rs 9 per unit
What will be the profit when sales are (a) Rs 60,000 (b) Rs 1,00,000
2. Explain Cost Driver, Cost Pool, and Activity in brief with the help of Example.
3. State the difference between Standard cost & Estimated Cost.

Q.3 Answer the following. (Any Three) **(18)**

1. The Following information has been made available from the records of Precision Tools Ltd for the six months of 2012 (and the sales of January 2013), in respect of Product X:

i. The units to be sold in different month are:

July 2012	1,100	November 2012	2,500
August 2012	1,100	December 2012	2,300
September 2012	1,700	January 2013	2,000
October 2012	1,900		

ii. There will be no work in progress at the end of any month.

iii. Finished units equal to half the sales of the next month will be in stock at the end of every month (including June 2012).

iv. Budgeted production and production cost for the year ending 31st Dec 2012 are thus:

Production (units)	22,000
Direct materials per unit	Rs 10
Direct wages per unit	Rs 4
Total Factory overheads	Rs 88,000

You are required to prepare:

a. Production Budget for the six months of 2012, and
b. Summarized production cost budget for the same period.

2. From the following particulars, compute
(a) Material cost variance, (b) Material price variance, and (c) Material usage variance

Quantity of Material Purchased	3,000 units
Value of Material Purchased	Rs 9,000
Standard quantity of materials required per ton of output	30 units
Standard rate of material	2.5 per unit
Opening stock of materials	-
Closing Stock of Materials	500 units
Output during the period	80 tonnes

3. State difference between Flexible Budget & Fixed Budget
4. Explain setting of Standard cost in Breif.

Q.4 Answer the following. (Any two) **(18)**

1. Prepare Cash Budget for three months ending 30th June 2012, from the information given bellow:

(a)

Month	**Sales**	**Materials**	**Wages**	**Overheads**
February	14,000	9,600	3,000	1,700
March	15,000	9,000	3,000	1,900
April	16,000	9,200	3,200	2,000
May	17,000	10,000	3,600	2,200
June	18,000	10,400	4,000	2,300

(b) Credit terms are:
Sales and Debtors – 10% of sales are on cash, 50% of the credit sales are collected next month and the balance in the following month:
Creditors – Materials 2 months
Wages 1/4 month
Overheads 1/2 months

(c) Cash and bank balance on 1st April 2012 is expected to be Rs 6,000.

(d) Other relevant information are:

i. Plant and machinery will be installed in February 2012 at a cost of Rs 96,000
The monthly installment of Rs 2,000 is payable from April onwards.
ii. Dividend at 5% on preference share capital of Rs 2,00,000 will be paid on 1st June
iii. Advance to be received for sale of vehicles R 9,000 in June
iv. Dividends from investments amounting to Rs 1,000 are expected to be received in June
v. Income tax (Advance) to be paid in June is Rs 2,000

2. Prepare activity based costing from the following information:

Salary	35000
Machine maintenance	10000
Purchase Labor	20000
Fringe benefits	25000
Purchase Supplies	15000
Depreciation	30000
Electricity	75000
Unemployment Insurance	50000
Labour Hours	1000
Machine hrs	5000
Purchase orders	500

Base	X	Y	Total
Direct Labor Hrs	400	600	1000
Machine Hrs	100	150	250
Purchase Order	60	40	100
No. Units Produced	400	600	1000

3. The standard labour employment and the actual labour engaged in a week for a job are as under:

	Skilled workers	Semi skilled workers	Unskilled workers
Standard no of workers in the gang	32	12	6
Actual no. of workers employed	28	18	4
Standard wage rate per hour	3	2	1
Actual age rate per hour	4	3	2

During the 40 hrs working week, the gang produced 1,800 standard labour hours of work.
Calculate:

a) Labour Cost variance
b) Labour Rate Variance
c) Labour Efficiency Variance
d) Labour Mix Variance
e) Labour Yield Variance