Seat No:_______________ Enrollment No:_______________

PARUL UNIVERSITY

FACULTY OF COMMERCE

M.Com.(Hons) Summer 2018 – 19 Examination

Semester: 2 **Date: 08/04/2019**
Subject Code: 16201152 **Time: 10.30am To 01:00pm**
Subject Name: Advanced 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. _________ means the provision of financial data and advice to a company for use in the organization and development of its business.
   a) Advanced costing b) Advanced Accounting
   c) Advanced management Accounting d) Accounting
2. _________is an accounting method that identifies and assigns costs to overhead activities and then assigns those costs to products.
   a) ABC b) Absorption cost
   c) Marginal cost d) None of the above
3. A part of organization with assignable revenues and costs and hence ascertain the profit. Which center is this?
   a) Profit b) cost
   c) Responsibility d) All of the above
4. Break even analysis helps to determine comparative profitability of each product line.
   a) True b) False
   c) d)
5. S-V/V
   a) True b) False
   c) d)
6. F/S-V
   a) True b) False
   c) d)

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

1. Budget
2.Marginal costing
3.Absorbtion costing
4. Cost Centers
5. Formula For PV Ratio
6. Transfer Pricing

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

1. Difference Between Variable Costing & Absorption costing.
2. Difference Between Cost Accounting & Management Accounting
3. Define Profitability. Also explain types of profitability in brief.

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

1. Bright Light Ltd manufactures two products – Bright and Delight, using the same equipment and similar processes. The following information is extracted from the production department pertaining to the two products for the quarter ending 31st Dec 2007.

Particulars	**Bright**	**Delight**
Qty produced	10000	15000
Direct Labour-hrs per unit	2	4
Machine-hrs per unit	3	1
No. of setups in the period	20	80
No. of orders handled in period	30	120

Total production overheads recovered for the period has been analyzed as follows:

Particulars	Amt
Relating to Machine activity	4,50,000
Relating to production run set ups	40,000
Relating to Handling orders	90,000

You are required to calculate the production overheads to be absorbed by each unit of the products using the following costing methods:

(a) A traditional costing approach, using a direct labour hour rate to absorb overheads.

(b) An ABC approach, using suitable cost drivers to trace overheads to products.

2. From the following data of Parshwa Ttd, prepare the income statement under (a) Absorbtion costing (b) Marginal Costing

Particulars	Amount
Opening Stock	5000 units
Marginal Cost	Rs 30,000
Total cost	Rs, 36000
Units produced	30000 units
Units sold	33,000 units
Closing stock	2000 units
Variable cost	Rs 1,77,000
Factory over head (Fixed)	Rs 35,100
Selling Cost	
Variable	Rs 1,70,000
Fixed	Rs 25,000
Selling Price per unit	Rs 20

3. Sales= 4000 units @ Rs 10 PU.

Breakeven point = 1500 units

Fixed cost = Rs 3000

What is the amount of (a) Variable cost & (b) Profit?

4. You are given the following data:

Fixed expenses = Rs 4000

Break even point = Rs 10,000

Calculate:

(i) PV Ratio

(ii) Profit when sales are Rs 20,000

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

1. Explain types of budget in detail.

2. Charmi Ltd manufactures two products – B & T. It is going to prepare its budget for the year ending 31st Dec. Expectation for the year included the following:

Particulars	Amt	Amt
(A) Opening balances		
Fixed assets:		
Land	20,000	
Buildings and plant	1,50,000	
Cumulative depreciation	(60,000)	1,10,000
Current Assets:		
Stock: Raw Materials	3000	
B	3400	
T	7200	
	13,600	
Debtors	45000	
Cash/bank	10000	
	68600	
Less: Liabilities		
Creditors	29,000	
Taxation	28,000	
	57,000	11,600
		1,21,600

Represented by:		
Share Capital	71,600	
Retentions	50000	121600
(B) Finished Products	**B**	**T**
Budgeted sales(Units)	5000	1000
Budgeted Selling Price (Per unit)	30	50
Opening stock of finished goods (in units)	200	300
Budgeted closing stock (in units)	1200	200
(C) Production Details	**P**	**Q**
(i) Direct materials		
Raw materials per unit of production:		
B	5 KG	4 KG
T	2 kg	4 kg
Opening stock of raw materials	2000 kg	2000 kg
Budgeted closing stock	2500 kg	1500 kg
Cost per kg of raw material	Rs 0.5	Rs 1
(ii) Direct labour Rs 2 per hr. 3 hrs required to produce 1 unit of B and 5 hrs for T		
(iii) Total factory over heads Rs 33750 including 11750		
(D) Administrative overheads		11625
(E) Selling & Distribution overheads		20000
(F) Tax Overdraft 595, paid 500		30000

You are required to prepare the following budget:

1. Sales Budget
2. Production budge
3. Direct labour budget
4. Direct material usage budget
5. Direct material purchase budget
6. Factory overhead budget
7. COGS Budget
8. P/L budget

3. The following information is given:
Sales = Rs 2,00,000
Variable cost = Rs 1,20,000
Fixed cost = Rs 30,000
Calculate (a) Breakeven point
(b) New breakeven point if selling price is reduced by 10%
(c) New breakeven point if variable cost is increased by 10%
(d) New breakeven point if Fixed cost is increased by 10%