MID-WESTERN UNIVERSITY
EXAMINATIONS MANAGEMENT OFFICE
FINAL EXAMINATION: 2019
BACHELOR OF BUSINESS STUDIES (BBS)
SEMESTER – V

Subject: Management Accounting — Course Code: MGMT 351
Full Marks: 100 — Time: 3:00 Hours

You are required to answer in your own words as far as applicable. Figures in the margins indicate full marks.

SECTION A: VERY SHORT ANSWER QUESTIONS (10 X2 = 20 MARKS)

*Answer **ALL** questions.*

Q1. Define management accounting.

Q2. Give two points of differences between management accounting and cost accounting.

Q3. List out the different product cost under absorption costing.

Q4. A Company provided the following information:

Sales 8,000 units @ Rs. 35 per unit

Variable cost:

Direct material	Rs. 7.75 per unit
Other direct expenses	Rs. 0.50 per unit
Fixed cost	Rs. 20,400

Required: Flexible budget for 8,000 units showing total cost

Q5. Write the concept of marginal costing.

Q6. Calculate material cost variance from following information;

Standard quantity of raw material usage	40 kg	Standard price per kg	Rs. 15
Actual quantity of raw material used	48 kg	Actual price per kg	Rs. 10

Q7. What is Budget?

Q8. Distinguish between static and flexible budget.

Q9. Write concept of traditional costing.

Q10. What is material purchase budget?

SECTION B: SHORT ANSWER QUESTIONS (6 X 8 = 48 MARKS)

*Answer any **SIX** questions.*

Q11. Explain the Scopes and functions of Management Accounting. (4+4)

Q12. A company provides the following information;

Production	1000 units
Closing stock	100 units
Opening stock	200 units (@ Rs. 12 under VC and @ Rs. 15 under AC)
Fixed manufacturing overhead	Rs. 3600
Fixed office and administration expenses	Rs. 5000
Direct material	Rs. 5 per unit
Variable factory overhead	Rs. 10 per unit
Fixed manufacturing overhead under absorbed	Rs. 600
Selling price per unit	Rs. 30

Required: Net Income under Absorption Costing

Q13. The sales and cost data of a company are presented below

	Year I	Year II
Salesunit..	20,000	40,000
Sales revenue	5,00,000	10,00,000
Less: cost of sales	5,50,000	8,50,000
Operating profit	(50,000)	1,50,000

Required: (a) Cost Volume ratio
(b) Fixed cost for the year
(c) Break even sales volume
(d) Sales volume to earn after tax profit of Rs. 1,50,000. Tax rate 50 %

Q14. From the following data, calculate material yield variance:

Particulars	Standard mix		Actual mix	
	Quantity	Rate	Quantity	Rate
Material A	200 units	@ Rs. 12	160 units	@ Rs. 13
Material B	100 units	@ Rs. 10	140 units	@ Rs. 10
Total mix	300 units		300 units	
Less standard loss	30 units		25 units	
Output or yield	**270 units**		**275 units**	

Q15. The information relating to overhead costs are as follows:

I. Standard capacity based on normal capacity 10,000 direct labor hours:

Fixed overhead.......................... Rs. 30,000
Variable overhead.................... Rs. 50,000
Total.. Rs. 80,000

II. Hours produced 8,500
III. Hours paid.. 5,600
IV. Actual overhead incurred:

Fixed overhead............................ Rs. 30,000
Variable overhead........................ Rs. 40,000

Required: Three overhead variances

Q16. Write short notes on; (Any Two) (4+4)

a) CVP Analysis.
b) Idle Time Variance.
c) Material Consumption Budget.

Q17. The following production budget of Hyatt Manufacturing Company is provided to you for the 4th quarter of 2018.

(a)

	Magh	Falgun	Chaitra
Budget production Unit............................	10,000	25,000	35,000

(b) Two production departments A and B are required to produce one unit finished goods. 0.40 hours for 1 unit will be required for Department A and B 0.50 hour for Department B. Wage rate per hour will be Rs. 10 and Rs. 15 in the Departments A and B respectively.

Required: Direct labor cost budget for Last quarter. (8)

Q18. Gold Manufacturing Ltd provided the following information.

Level of capacity	**45%**	**60%**	**75%**
Variable overhead:			
Indirect labour..	-	36,000	-
Store and spares..	-	21,000	-
Semi-variable overhead:			
Power (40% fixed)..	-	35,000	-
Repair and maintenance (30% variable)............	-	25,000	-
Fixed overhead:			
Rent..	-	50,000	-
Salaries...	-	20,000	-
Total labor hour...	**-**	**60,000**	**-**

Required: Flexible budget for 45%, 60% and 75% capacity showing overhead rate on the basis of labor hours

SECTION C: LONG ANSWER QUESTIONS (2 X 16 = 32 MARKS)

*Answer any **TWO** questions.*

Q19. Describe Standard Costing. What are the types of Material Variance? Explain each of them with formula. Also explain any five advantages and disadvantages of Standard Costing. (3 + 7 + 6)

Q20. The past sales, forecasted sales and manufacturing overhead budget are presented below by Himal Manufacturing Company:

Months	Nov	Dec	Jan	Feb	March	April	May
Sales in units	15,000	20,000	30,000	30,000	25,000	20,000	15,000

Manufacturing overhead Budget

Months	Jan	Feb	Mar
Indirect wages...................	50,000	40,000	30,000
Heat, Light and power.........	20,000	20,000	20,000
Supervision........................	5,000	5,000	5,000
Depreciation......................	10,000	10,000	10,000
Total..................................	**85,000**	**75,000**	**65,000**

Selling price per unit will be Rs. 10 each. All sales are credit sales and sales will be realized 50% in the month, 50% in the next month of sales. Purchases and all other expenses will be paid in the month of purchased and the expenses.

Each unit of finished product will need two units of raw materials. Each unit of raw materials at a cost of Rs. 4

The ending balance of raw material and the finished products will be equal units of raw material and finished products necessary to meet production and sales need of the next month respectively and the desired ending balance of cash of Rs. 30,000. The beginning balance of raw material and finished product were 20,000 units each and the cash balance of Rs. 20,000

The company has negotiation with his back to temporary borrowing in the multiple of Rs. 1,000 with interest 12% p.a. on the loan paid. Assume that the bank loans are taken on the first date of month and payment made on the last date.

Required:

(a) Production budget for three month ending 31st March. (3)
(b) Material purchase budget for three month ending 31st March (4)
(c) Cash budget (8)

Q21. The following are the particulars of an industry that manufactures two products;

	Product X	Product Y
Output in units	4000	6000
Labour Hour per unit	¾	½
Number of production run	20	30
Number of Supervision per production run	4	5
Machine hour per unit	1.5	1

The expenses incurred for the realization of the above output are as follows:

Production setting	Rs. 25000
Supervision	Rs. 23000
Machine operation	Rs. 24000

Required: Overhead per unit;

a) Under Traditional Costing

b) Under Activity Based Costing.

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