MID-WESTERN UNIVERSITY
EXAMINATIONS MANAGEMENT OFFICE
MAKE-UP EXAMINATION: 2018
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 the term Management Accounting.

Q2. Write any two differences between Management Accounting and Financial Accounting.

Q3. What is Absorption Costing?

Q4. What is Expected standard?

Q5. What do you mean by static Budget?

Q6. The cost accountant of ABC Company Ltd. furnishes the following information:
Profit- volume ratio .... 40 %
Margin of safety ratio 60%
Sales .... Rs. 6,00,000
Required: Margin of safety

Q7. Write any two importance of flexible budget.

Q8. Mention any two Advantage of standard costing.

Q9. From the following data prepare production budget for the coming year of the Season Company Ltd.:

Product	Budgeted Sales (Units)	Opening Stock (Units)
X	30000	6000
Y	20000	4000
Z	15000	3000

It is proposed to increase the closing stock quantity by 10% in each case on previous stock quantity.

Q10. Mention any two importance consideration while preparing labour budget.

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

*Answer any **SIX** questions.*

Q11. Write the functions of Management Accounting. 8

Q12. Distinction between fixed and variable budget. 8

Q13. Write short notes (**any Two**): 4+4
a. Traditional Costing
b. Zero Base Budgeting
c. Zero Base Budgeting

Q14. Rara Food Company's chief accountant has gathered the following data:

Costs	Fixed costs	Variable costs per rupee of sales (Rs.)
Foods................................	-	0.24
Personal wages..................	160,000	0.18
Depreciation.....................	275,000	-
Maintenance......................	154,000	0.14
Insurance.........................	66,000	0.11

The selling price is Rs. 40 per meal.
Required: Prepare a flexible budget for 70,000, 80,000 and 90,000 meals as the level of activity 8

Q15. The overheads and other information have been presented below:

Direct Labour hours………………	100,000 DLH	200,000 DLH
Overheads……………………	Rs. 600,000	Rs. 900,000
Other data:		
a) Normal capacity………………………………		150,000DLH
b) Standard hours produced………………………		115,000DLH
c) Actual hours worked and paid…………………		120,000DLH
d) Actual overheads………………………………		Rs. 600,000

Required: Three overheads variances. 3+3+2

Q16. From the data given below, compute material cost, usage, mix, and price variances: 2+2+2+2

Materials	Standard		Actual	
	Units	Unit Price (Rs.)	Units	Unit Price (Rs.)
A	110	4	180	4.5
B	150	5	240	6
C	240	6	300	5.5

Due to shortage of B, it was decided to reduce consumption of B by 10% and increase that of A by 30%.

Ans: MCV=Rs. 1213 (U), MUV=Rs. 1033 (U), MMV=Rs. 14.83 or 15 (F), MPV=Rs. 180 (U)

Q17. 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 ………………………………..	$3/4$	$1/2$
Number of production run …………………………	20	30
Number of supervisor 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 under Activity Based Costing. 8

Q18. The sales and cost data of a company are presented below: 2+2+2+2

	Year I	Year II
Sales unit..	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 at 30 % tax rate.

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

*Answer any **TWO** questions.*

Q19. Laxmi Manufacturing Company provides you the following information:

Selling price per unit	Rs. 42
Direct material cost	Rs. 8 per unit
Direct labour cost	Rs. 5 per unit
Direct expenses	Rs. 2 per unit
Fixed factory overheads (Normal)	Rs. 440,000
Fixed office and selling overheads	Rs. 250,000
Variable factory overheads	Rs. 3 per unit
Production	50,000 units
Closing stock	8,000 units
Opening stock	3,000 units
Value of opening stock:	
Under variable costing	Rs. 23 per unit
Under absorption costing	Rs. 30 per unit
Under absorption of fixed manufacturing cost	Rs. 40,000.

Required:

a) Income statement under Marginal costing 6
b) Income statement under absorption costing 6
c) Reconciliation statement 4

Q20. The sales and production budget of Rawat Manufacturing Company is given below:

Month	October	November	December
Sales units	8,000	10,000	12,000
Sales revenue (Rs.)	400,000	500,000	600,000
Production units	10,000	12,000	8,000

Each unit of production requires 3 units of material Y and 4 units of material Z costing Rs. 2 and Rs. 5 per unit respectively. The company policy is to give enough ending inventory of raw material to fill 50% of requirement of the following month. Estimated opening and closing stock of raw materials are:

Raw materials	1st October	31st December
Y units	18,000	18,000
Z units	24,000	24,000

50% of total sales are for cash and remaining 50% will be collected equal during the following two months. The receivable as of September last including Rs. 100,000 of August sale and Rs. 160,000 of September sales. All purchases are cash purchase. The expenses of the company are as follows:

Wages and salary .... Rs. 10 per units
Variable manufacturing cost ....Rs. 5 per unit
Fixed cost ....Rs. 15,000 per months

Additional information:

i) 50% of the wages and salary is payable in the same month and 50 % on the following month. The wages and salary outstanding for September was Rs. 20,000
ii) Variable manufacturing cost and fixed costs are to be paid during the month in which they are incurred.
iii) In the month of October, Cash to be collected from share capital is Rs. 150,000
iv) Opening balance of cash on 1st October Rs. 200,000

Required:

a) Material consumption budget 4
b) Material purchase budget 4
c) Cash budget 8

Q21. What is budget? Explain any six types of budget with details. 4+12

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