

**GOA VIDYAPRASARAK MANDAL'S  
GOPAL GOVIND POY RAITURCAR COLLEGE OF COMMERCE AND  
ECONOMICS, PONDA - GOA**

**B.C.A. (SEMESTER-III) EXAMINATION, OCTOBER 2013  
MANAGEMENT ACCOUNTING**

DURATION: 2 HRS

MARKS: 50

- INSTRUCTIONS:** 1) ALL QUESTIONS ARE COMPULSORY.  
2) FIGURES TO RIGHT INDICATE MARKS.  
3) USE OF CALCULATOR IS ALLOWED.

Q.1.A) Answer in one line. (5)

1. Define management accounting?
2. What is adverse variance?
3. Give any two advantages of financial accounting.
4. Give any two disadvantages of management accounting.
5. Give any four functions of management accounting.

B) Match the pairs (5)

- | <u>A</u>                          | <u>B</u>                     |
|-----------------------------------|------------------------------|
| 1. Margin of safety               | a) Sliding scale             |
| 2. Variance                       | b) Taxation                  |
| 3. Flexible budget                | c) Deviation                 |
| 4. MCV                            | d) Actual Sales - B.E. Sales |
| 5. Scope of management accounting | e) $(SQ * SP) - (AQ * AP)$   |
|                                   | f) $(SP - AP) AQ$            |

Q. 2. A) The cost of an article at a capacity level of 5000 units is given under 'A' below. For a variation of 25% in capacity above or below this level, the individual expenses are indicated under 'B' below. (10)

Particulars	A ₹	B
Material cost	25,000	(100% varying)
Labour cost	15,000	(100% varying)
Power	1,250	(80% varying)
Repairs & maintenance	2,000	(75% varying)
Stores	1,000	(100% varying)
Inspection	500	(20% varying)
Depreciation	10,000	(100% varying)
Administrative overheads	5,000	(25% varying)
Selling Overheads	3,000	(25% varying)
	<b>62,750</b>	

Cost per unit ₹ 12.55. You are required to prepare a Flexible Budget and find out the cost per unit and total cost for production level of 6000 units. Also show the total cost and unit cost for 5000 units.

**OR**

Q. 2. B) Sharayu Company is expected to have ₹ 25,000/- in its bank account on 1.4.2013. Prepare a cash budget for April, May, June 2013 from the following estimates. (10)

Month	Sales	Purchases	Salary	Administrative expenses	Selling expenses
February	50,000	30,000	6,000	9,000	3,000
March	56,000	32,000	6,500	9,500	3,000
April	60,000	35,000	7,000	10,000	3,500
May	80,000	40,000	9,000	11,500	4,500
June	90,000	40,000	9,500	12,500	4,500

**Other information**

- 20% sales on cash basis. Balance on credit and the amount to be collected in the next month.
- Suppliers are paid second month following the purchases.
- Workers salary paid in the same month.
- Administrative and selling expenses are paid in the next month.
- Dividend of ₹10,000/- and Bonus to workers of ₹ 15,000/- are to be paid in the month of May.
- Income tax of ₹ 25,000/- to be paid in June.

Q.3.A.) Following information is obtained from cost records of "Ghansham Products". (10)

Variable costs = ₹ 6/- per unit

Sales units = 15,000

Fixed expenses = ₹ 34,000

Sales value = ₹ 1,50,000

You are required to :-

- Find the P/V ratio, Break-even point and margin of safety.
- Calculate the revised P/V ratio, Break-even point and margin of safety in each of the following cases.
  - Decrease of 10% in selling price
  - Increase of 10% in variable costs.

**OR**

Q.3.B.) Sales of Samsung Company are ₹ 9,50,000/-, it has a fixed expense of ₹ 2,30,000/- and their profits are ₹ 1,90,000/-, for the period of first six months. If in the next six months company suffers a loss of ₹ 95,000/-,

**Calculate:-**

- P/V ratio, BE point and margin of safety for first six months.
- Expected sales volume for the next six months assuming that selling price and fixed expenses remain unchanged.
- The break-even point and margin of safety for the full year. (10)

Q.4.A) The following data is obtained from the books of "SIDCO COMPANY".

Name of the material	Standard		Actual	
	Quantity (kg)	Rate (₹)	Quantity (kg)	Rate (₹)
Alpha	20000	1.75	19600	1.68
Gamma	12000	2.50	12900	2.52
Beta	9000	3.70	10000	3.65

You are required to calculate:

- Material cost variance
- Material price variance
- Material usage variance (10)

Q.4.B) 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 number of workers in gang	32	12	6
Actual number of worker employed	28	18	4
Standard wage rate per hour	3	2	1
Actual wage rate per hour	4	3	2

During the 40 hours working week, the gang produced 1800 labour hours of work. Calculate :-

- Labour cost variance
- Labour rate variance
- Labour efficiency variance (10)

- Q.5.A) i) What do you understand by the term "Reporting to management"?  
Discuss briefly the matters you deal with while drafting a report to the management. (5)
- ii) Explain the essentials of a good reporting system. (5)

**OR**

- Q.5.B) What is reporting? What are the various types of reports issued to management? In preparing such reports what are the essentials to be borne in mind? (10)

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