

Goa Vidyaprasarak Mandal's

GOPAL GOVIND POY RAITURCAR COLLEGE OF COMMERCE AND ECONOMICS

PONDA – GOA

B.C.A. (SEMESTER - III) EXAMINATION, OCTOBER 2015

MANAGEMENT ACCOUNTING

Duration: 2 Hours

Marks: 50

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

Q.1.A) Answer the following. (5x2)

1. Define management accounting.
2. Explain in brief the difference between cost accounting and management accounting.
3. Explain any two duties of management accountant.
4. Define standard cost.
5. Define budgetary control.

Q. 2. A) Prepare a flexible budget for overheads on the basis of following data.

Ascertain the overhead rates at 50%, 60%, and 70% capacity. (10)

| Variable overheads | At 60% capacity (`) |
|---------------------------------------|------------------------------|
| Indirect material | 6000 |
| Indirect labour | 18000 |
| Semi – variable overheads | |
| Electricity (40% fixed, 60% variable) | 30000 |
| Repairs (80% fixed, 20% variable) | 3000 |
| Fixed overheads | |
| Depreciation | 16500 |
| Insurance | 4500 |

| | |
|-------------------------------|--------------|
| Salaries | 15000 |
| Total overheads | 93000 |
| Estimated direct labour hours | 186000 |

OR

Q. 2. B) Kapil industries ltd has given the following particulars.

You are required to prepare a cash budget for three months ending 31st Dec 2014.

(10)

| 2014 | Sales (`) | Purchases (`) | Wages (`) | Expenses (`) |
|-----------|-------------|-----------------|-------------|----------------|
| August | 40,000 | 20,400 | 7,600 | 3,800 |
| September | 42,000 | 20,000 | 7,600 | 4,200 |
| October | 46,000 | 19,600 | 8,000 | 4,600 |
| November | 50,000 | 20,000 | 8,400 | 4,800 |
| December | 60,000 | 21,600 | 9,000 | 5,000 |

Other information

- a) 10% sales on cash basis
50% of the credit sales are collected next month and the balance in the following month.
- b) Credit period allowed by suppliers is two months.
- c) 4/5 of wages are paid in the month itself and 1/5 will be paid in the next month.
- d) ½ of the expenses paid in the month itself and ½ will be paid in the next month.
- e) Cash balance on 1st October 2014 is expected to be ` 8,000/-.
- f) Machinery will be installed in August 2014, at a cost of ` 1,00,000/-. The monthly installment of ` 5,000/- is payable from October onwards.
- g) Dividend at 10% on preference share capital of ` 3,00,000/- will be paid on 1st December 2014.
- h) Advance to be received on sale of vehicle ` 20,000/- in December.
- i) Income tax (advance) to be paid in December ` 5,000/-.

Q.3.A.) Following information is obtained from cost records of XYZ ltd.

(10)

Variable costs = ` 6 per unit.

Sales units = 15000

Fixed expenses = ` 34000

Sales value = ` 150000

You are required to :

- a) Find the P/V ratio, break even point and margin of safety.
- b) Calculate the revised P/V ratio, break-even point and margin of safety in each of the following cases.
 - i) Decrease of 10% in selling price.
 - ii) Increase of 10% in variable cost.

OR

Q.3.B) Explain the following. (5x2)

- i) cost-volume-profit analysis.
- ii) Marginal costing.

Q.4.A) The standard mix to produce one unit of product is as follows: (10)

| | | | | |
|------------|------------------|-------------------|-------------|--|
| Material X | 60 units | @ ` 15 per unit = | 900 | |
| Material Y | 80 units | @ ` 20 per unit = | 1600 | |
| Material Z | 100 units | @ ` 25 per unit = | 2500 | |
| | <u>240 units</u> | | <u>5000</u> | |

During the month of August, 10 units were actually produced and consumption was as follows:

| | | | | |
|------------|-------------------|----------------------|---------------|--|
| Material X | 640 units | @ ` 17.50 per unit = | 11,200 | |
| Material Y | 950 units | @ ` 18.00 per unit = | 17,100 | |
| Material Z | 870 units | @ ` 27.50 per unit = | 23,925 | |
| | <u>2460 units</u> | | <u>52,225</u> | |

You are required to calculate:

- Material cost variance
- Material price variance
- Material usage variance

OR

Q.4.B) The standard labour employment and the actual labour engaged in a week for a job are as under. (10)

| | 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 :-

- a) Labour cost variance
- b) Labour rate variance
- c) Labour efficiency variance

Q.5.A) i) "Reporting an essential means of cost control" comment on the statement. (5)

ii) Discuss the general principles involved in reporting to the management. (5)

OR

Q.5.B) What do you understand by the term "Reporting to management? Explain different types of reports issued to the management. (10)

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