

**Goa Vidyaprasarak Mandal's  
GOPAL GOVIND POY RAITURCAR COLLEGE OF COMMERCE  
AND ECONOMICS, PONDA - GOA  
B.C.A. (SEMESTER-III) EXAMINATION, OCTOBER 2017  
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 the following (5x2)

1. Explain any two duties of management accountant.
2. What do you understand by break even point?
3. Give any two points of distinction between cost accounting and financial accounting.
4. Define standard costing.
5. What is master budget?

Q. 2. A) For the production of 10000 electric automatic irons, the following are the budgeted expenses. (10)

Particulars	Per unit
Direct material	60
Direct labour	30
Variable Production overhead	25
Fixed production overhead ( `1,50,000/-)	15
Variable expenses (direct)	5
Selling expenses (10% fixed)	15
Administration expenses ( ` 50,000/- rigid for all levels of production)	5
Distribution expenses (20% fixed)	5
The total cost of sale per unit	160

Prepare a budget for the production of 6000, and 8000 irons, showing distinctly the marginal cost and the fixed cost and the total cost.

**OR**

Q. 2. B) Sameera Industries Ltd has given the following particulars. You are required to prepare a cash budget for the three months ending 31<sup>st</sup> Dec 2016. (10)

Month	Sales	Purchases	Wages	Expenses
August	40000	20400	7600	3800
September	42000	20000	7600	4200
October	46000	19600	8000	4600
November	50000	20000	8400	4800
December	60000	21600	9000	5000

**Other information**

- a) 10% Sales on cash basis, and 50% of the credit sales are collected next month and the balance in the following month.
- b) Credit period allowed by supplier 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) 1/2 of the expenses paid in the month itself and 1/2 will be paid in the next month.
- e) Cash balance on 1<sup>st</sup> October 2016 is expected ` 8000.
- f) Machinery will be installed in August 2016, at a cost of ` 100000 the monthly installment of ` 5000 is payable from October onwards.
- g) Dividend at 10% on preference share capital of ` 300000 will be paid on 1<sup>st</sup> December 2016.
- h) Advance to be received on sale of vehicle ` 20000 in December 2016.
- i) Advance income tax to be paid in December 2016 ` 5000.

Q.3.A) “Veera and Company” has a fixed cost of ` 360000 with sales at `1200000 and a profit of ` 240000 during first six months. If in the next six months company suffers a loss of ` 120000: (10)

Calculate:

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

**OR**

Q.3.B.) i) With the help of a suitable figure explain the cost volume profit analysis. (5)

ii) Explain the following:

- a) Contribution and profit (2.5)
- b) Fixed cost and variable cost (2.5)

Q.4.A) The following data is obtained from the books of “ ZIGNA & COMPANY”. (10)

Name of the material	Standard		Actual	
	Quantity (uts)	Rate ( ` )	Quantity (uts)	Rate ( ` )
Alpha	1050	2.00	1100	2.25
Star	1500	3.25	1400	3.50
Zee	2100	3.50	2000	3.75

You are required to calculate:

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

**OR**

Q.4.B) Star India Ltd. Manufactures a standard product, the standard direct labour cost of which is `170 per unit whose manufacture involves the following:

Grade of workers	Hours	Rate (₹)	Amount (₹)
A	40	2	80
B	30	3	90
	70		170

During a period, 100 units of the product were produced, the actual labour cost of which was as follows:

Grade of workers	Hours	Rate (₹)	Amount (₹)
A	4200	1.50	6300
B	2900	4.00	11600
	7100		17900

Calculate :-

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

Q.5.A) What do you understand by the term “Reporting to management”?  
Explain the principles to be followed while preparing reports. (10)

**OR**

- Explain the significance of reporting to management. (5)
- Explain the different types of managerial reports prepared by the business firms. (5)

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