

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

B.C.A. (SEMESTER-III) EXAMINATION, OCTOBER 2012
MANAGEMENT ACCOUNTING

DURATION: 2 Hrs.

MARKS: 50

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

Q.1.A) Answer in one line:

(5)

1. What do you understand by management accounting?
2. Give any two points of difference between financial accounting and cost accounting.
3. Give any two limitations of management accounting.
4. Give any two limitations of financial accounting.
5. Define standard costing.

B) Match the pairs:

(5)

- | <u>A</u> | <u>B</u> |
|--------------------------|---------------------------|
| 1. Management Accounting | a) No profit no loss |
| 2. Marginal costing | b) Method of costing |
| 3. Master budget | c) Predetermined cost |
| 4. Break even point | d) Technique of costing |
| 5. Standard cost | e) Accounting information |
| | f) Summary of budgets |

Q. 2.A) Taj Ltd provides you the following information:

(10)

Sales ₹ 2,50,000

Variable cost ₹ 1,50,000

Fixed cost ₹ 75,000

Semi variable cost is 45% of variable cost. Find out

- a) Profit volume ratio & Break even point
- b) Calculate the effect of 20% increase in sales on P/V ratio & Break even point
- c) Calculate the effect of 10% decrease in sales on P/V ratio & Break even point.

OR

Q. 2. B) Royal Company has fixed expenses of ₹ 1,15,000. Their sales are ₹ 4,75,000 & profit is ₹ 95,000, during the first half year. If in the next year, company suffers a loss of ₹ 47,500,

Calculate:

- Profit volume ratio, Break even point and margin of safety for the first half year.
- Expected sales volume for the next half year assuming that selling price & fixed expenses remain unchanged.
- The break even point & margin of safety for the whole year. (10)

Q.3.A) A department of "Pacific company Ltd." attains a sale of ₹ 6,00,000 at 80% of its normal capacity. Its expenses are given below: (10)

Administration cost

Office salaries	₹ 90000
General expenses	2% of sales
Depreciation	₹ 7500
Rates & taxes	₹ 8750

Selling costs

Salaries	8% of sales
Travelling expenses	2% of sales
Sales expenses	1% of sales
General expenses	1% of sales

Distribution costs

Wages	15000
Rent	1% of sales
Other expenses	4 % of sales

You are required to draw up a Flexible administration, selling & distribution cost budget operating at 90% & 100% of normal capacity.

OR

Q.3.B) "Sahara Company Ltd" wishes to arrange overdraft facility with its bankers during the period from April to June 2012 when it will be manufacturing mostly for stock. Prepare a cash budget for the above period from the following data. Indicating the extent of bank overdraft facility the company will require at the end of the each month. (10)

a)

2012	Sales (₹)	Purchases (₹)	Wages (₹)
February	90000	62400	6000
March	96000	72000	7000
April	54000	121500	5500
May	87000	123000	5000
June	63000	134000	7500

b) 50% of credit sales are realized in the month following the sales and remaining 50% in the second month following:

- c) Creditors are paid following the month of purchase and
- d) Lag in the payment of wages- 1 month.
- e) Cash at bank on 1/4/2012 estimated ₹ 12500.

(10)

Q.4.A) The following cost records are obtained from the books of ABC Company Ltd.

Material	Standard		Actual	
	Qty	Rate	Qty	Rate
X	8000	1.05	7500	1.20
Y	3000	2.15	3300	2.30
Z	2000	3.30	2400	3.50

Calculate

- 1) Material cost variance
- 2) Material price variance
- 3) Material usage variance

OR

Q. 4. B) The details regarding the composition and the weekly wage rates of labour force engaged on a job scheduled to be completed in 30 weeks are as follows:

(10)

Category of labour	Standard		Actual	
	No. of labourers	Weekly wage rate per labourers	No. of labourers	Weekly wage rate per labourers
Skilled	75	60	70	70
Semi skilled	45	40	30	50
Unskilled	60	30	80	20

The work is actually completed in 32 weeks. Calculate:

- 1. Labour cost variance
- 2. Labour Rate variance
- 3. Labour efficiency variance

Q.5.A. i) Reporting is one of the main duties of Management Accountant.
Comment. (5)

ii) Discuss various managerial reports prepared by business firms. (5)

OR

Q.5.B) What is management reporting? Explain in detail the principles of good reporting system. (10)

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Category of labour	No. of labourers	Weekly wage rate per labourer	Standard	Actual
Unskilled	60	10	600	700
Semi skilled	40	20	800	900
Skilled	20	30	600	700

The work is actually completed in 32 weeks. Calculate:
1. Labour cost variance
2. Labour rate variance
3. Labour efficiency variance