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Goa Vidyaprasarak Mandal's
Gopal Govind Poy Raiturcar College of Commerce and Economics
Ponda – Goa

B.C.A. (SEMESTER-III) EXAMINATION, OCTOBER 2014
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. Differentiate between management accounting and financial accounting.
2. What is favourable variance?
3. What is financial accounting?
4. Give any two objectives of management accounting.
5. Give any two limitations of management accounting.

B) Match the pairs (5)

A	B
1. BEP	a) Budgeting
2. Basic standards	b) Financial accounting
3. Planning	c) Realistic yardsticks
4. Standard costing	d) Variance analysis
5. Profit and loss a/c	e) Costing method
	f) No profit No loss

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

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Prepare a budget for the production of 6000, 7000 and 8000 irons, showing distinctly the marginal cost and the fixed cost and the total cost.

OR

Q. 2. B) Prepare a cash budget for the three months ending 30th June, 2014 from the information given below:

Month	Sales	Purchases	Wages	Overheads
February	14,000	9,600	3,000	1,700
March	15,000	9,000	3,000	1,900
April	16,000	9,200	3,200	2,000
May	17,000	10,000	3,600	2,200
June	18,000	10,400	4,000	2,300

Other information

a) Their Credit terms are : (10)
Sales and debtors: 10% of sales are on cash, 50% of the credit sales are collected next month and the balance in the following month.
b) For creditors 2 months is the credit period allowed.
c) Wages are paid as ¾ in the same month and ¼ in the next month.
d) 50% of overheads are paid in the same month and 50% in the next month.
e) Cash balance on 1st April is expected to be ₹ 6,000/-.
f) Plant and machinery was installed in February 2014 at a cost of ₹96000. the monthly installment of ₹ 2,000/- is payable from June onwards.
g) Dividend @ 5% on preference share capital of ₹ 2,00,000/- to be paid on 1st June.
h) Advance to be received for sale of vehicles ₹ 9,000/- in June.
i) Dividends from investments amounting to ₹ 1,000/- are expected to be received in June.
j) Income tax (advance) to be paid in June ₹ 2,000/-.

Q.3.A) A company has a fixed cost of ₹ 1,80,000/- with sales at ₹ 6,00,000/- and a profit of ₹ 1,20,000/- during first half year. If in the next half year, company suffers loss of ₹ 60,000/- (10)
Calculate :
1) The profit volume ratio, the break even point and margin of safety for the first half year.
2) Expected sales volume for the next half year assuming that selling price and fixed expenses remain unchanged.
3) Break even point and margin of safety for the whole year.

OR

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Q.3.B.i) From the following data calculate:

1) Break-even point expressed in amount of sales in rupees.
2) Number of units that must be sold to earn a profit of ₹ 1,20,000/- per year.

	Amount (₹)
Selling price per unit	40
Variable manufacturing cost per unit	22
Variable selling cost per unit	3
Fixed factory overheads	1,60,000/-
Fixed selling cost	30,000/-

(7)

Q.3.B.ii) Explain in brief the CVP analysis. (3)

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

Material A 60 units @ ₹ 15 per unit = 900
Material B 80 units @ ₹ 20 per unit =1600
Material C 100 units @ ₹ 25 per unit = 2500

240 units ₹ 5000

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

Material A 640 units @ ₹ 17.50 per unit = 11,200
Material B 950 units @ ₹ 18.00 per unit = 17,100
Material C 870 units @ ₹ 27.50per unit = 23,925 (10)

2460 units ₹ 52,225

You are required to calculate:

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

OR

Q.4.B) Coates India Ltd. Manufactures the particular product, the standard direct labour cost of which is ₹ 120 per unit whose manufacture involves the following:

Grade of workers	Hours	Rate (₹)	Amount (₹)
A	30	2	60
B	20	3	60
	50		**120**

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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	3200	1.50	4,800
B	1900	4.00	7,600
	5100		**12,400**

Calculate :- (10)

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

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

B.i) 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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