SET A

Unique Paper Code	:	61011306
Name of Paper	:	Management Accounting
Name of Course	:	Bachelor of Management Studies (BMS) CBCS, LOCF
Semester/ Annual	:	III
Duration	:	3 hours
Maximum Marks	:	75

Instructions for Candidates:

1. It is an open book examination.
2. Attempt any **four** Questions. All questions carry equal marks.
3. Use of simple calculator is allowed.

1. "Cost Accounting and Management Accounting are the different branches of Accounting." Do you agree? After elucidating the statement attempt the following practical question:
PT Ltd. is engaged in manufacturing of a product and the following particulars have been extracted for the month of November, 2021:

Particulars	**Rs.**
Cost of Materials	4,50,000
Productive Labour	2,40,000
Works Overheads	1,44,000
Office and Administrative Overheads	1,66,800
Selling Expenses	1,25,100
Distribution Charges	83,400
Profit	2,41,860

A work order has to be executed in December, 2021 and estimated expenses are:

Materials – Rs. 32,000; Productive Labour – Rs. 20,000. In December, 2021 the rate of factory overheads has gone up by 15%, distribution charges have gone down by 10% while office & administrative expenses and selling expenses have each gone up by 12% as compared to November,2021. Suggest the price to be quoted in the market for December, 2021 production to earn the same rate of profit as in the month of November,2021. It is a practice of the manufacturing unit that factory overheads are charged on productive labour and all other overheads are charged on works cost.

2. Shakti Enterprises has three production departments (P, Q and R) and two service departments (S and T). From the following figure extracted from the records of the enterprise, prepare Departmental Overhead Distribution Summary:

	Rs.
Indirect Materials	19,200
Indirect Wages	12,000
Rent, Rates and Taxes	10,000
Electricity Power	19,800
Lighting	1,600
Depreciation on Building	4,000
Depreciation on Machine	25,000
Total	**91,600**

Items	**Total**	**P**	**Q**	**R**	**S**	**T**
Direct Materials (Rs.)	30,000	10,000	5,000	9,500	3,000	2,500
Direct Wages(Rs.)	20,000	7,500	7,500	2,000	1,000	2,000
Floor area (sq. ft)	10,000	3,000	2,000	2,000	1,000	2,000
H.P of Machines	300	100	120	60	10	10
Value of Machinery(Rs.)	2,50,000	60,000	1,00,000	40,000	25,000	25,000
Labour hours	3,000	1,000	1,000	400	200	400
No. of light points	20	6	4	4	2	4

The expenses of service department S and T are to be apportioned as follows:

	P	Q	R	S	T
S	40%	20%	30%	----	10%
T	30%	40%	30%	----	----

3. XY Limited provides the following information from their records. For producing 10 kgs. of Product ‘P’, the standard material requirement is:

Material	**Quantity(kgs.)**	**Rate per Kg.(Rs.)**
A	8	3
B	4	2

2,000 kgs. of Product ‘P’ were produced during September 2021. The actual consumption of material is as under:

Material	Quantity(kgs.)	Rate per Kg.(Rs.)
A	1,500	4
B	1,020	3

Calculate:

(i) Material Cost Variance
(ii) Material Price Variance
(iii) Material Usage Variance
(iv) Material Mix Variance
(v) Material Yield Variance

4. Mr. X, Manager Green Tea Ltd., requires a Cash Budget for the period April, 2021 to July 2021 (4 months) from the estimated details furnished below:
Estimated Sales (Rs.) during 2021:

February	March	April	May	June	July	August
12,00,000	10,80,000	9,00,000	9,60,000	10,80,000	12,00,000	15,00,000

(i) On an average 20% of the sales are on cash basis. The credit sales are realized as follows: 60% of credit sales are realized in the next month and remaining 40% are realized in the following month.
(ii) Purchases amount to 70% of the sales of same month. Period of credit allowed by suppliers is 1 month.
(iii) Variable expenses constitute 20% of the sales and are paid in the month following the month of sales.
(iv) Fixed expense amounts to Rs 70,000 per month.
(v) A Machine is expected to be purchased in the month of June for Rs. 3,00,000 for cash.
(vi) GST is payable in the month of May amounted to Rs. 1,50,000
(vii) Opening Cash Balance as on 1st April, 2021 is estimated at Rs 1,30,000

5. After explaining the relevance of P/V ratio and margin of safety in decision making, attempt the following question:
Z Ltd. provides the following trading results:

Year	Sale (Rs.)	Profit (Rs.)
2019-20	20,00,000	12% of Sale
2020-21	18,00,000	10% of Sale

You are required to calculate:

(i) Fixed Cost
(ii) Break-Even point
(iii) Amount of Profit, when sales are Rs. 24,00,000
(iv) Sales, when desire profit is Rs. 5,25,000
Margin of Safety at a profit of Rs. 3,60,000

6. After discussing the treatment of process losses and abnormal effectiveness in process accounts theoretically, you are required to prepare Process accounts, Normal loss accounts, Abnormal loss accounts and Abnormal effective (gain) account from the following data obtained in respect of product A which passes through two distinct processes namely process X and process Y:

Particulars	Process-X	Process-Y
Input (Rs.) (8,000 units)	8,96,000	—
Material Cost (Rs.)	1.46,500	1,04,580
Labor Cost (Rs.)	1,18,800	79,200
Electric Power (Rs.)	44,300	47,220
Normal loss	5%	4%
Value of scrap per unit (Rs.)	50	62
Output (units)	7,500	7,240

Other manufacturing expenses are Rs.1,98,000 to be charged on the basis of labor cost.

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