

SET A

Unique Paper Code : 61011306
Name of Paper : Management Accounting
Name of Course : Bachelor of Management Studies (BMS) CBCS
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 question carry equal marks..
3. Use of simple calculator is allowed.

1. “Management Accountant collects, analyzes and presents the accounting and other information in such a way as to assist the management in the creation of policy and in the day-to-day operations of an undertaking.” Elucidate.
2. The following account balances and distribution of indirect charges are taken from the accounts of a manufacturing concern for the year ending on 31st March, 2020.

Item	Total Amount (Rs.)	Production Departments			Service Departments	
		A (Rs.)	B (Rs.)	C (Rs.)	X(Rs.)	Y(Rs.)
Indirect Material	1,20,000	20,000	30,000	40,000	20,000	10,000
Indirect Labour	2,40,000	40,000	50,000	80,000	40,000	30,000
Superintendent Salary	80,000	–	–	80,000	–	–
Power	1,80,000					
Rent & Rates	75,000					
Insurance	36,000					
Meal Charges	60,000					
Depreciation	3,60,000					

The following department data are also available:

Item	Production Departments			Service Departments	
	A	B	C	X	Y
Area (Sq.ft)	4,400	4,000	3,000	2,400	1,200
Capital Value of Assets (Rs.)	4,00,000	6,00,000	5,00,000	1,00,000	2,00,000
Kilowatt Hours	3,500	4,000	3,000	1,500	–
No. of Employees	60	70	120	30	20

Expenses charged to the service department are to be distributed to other departments in the following percentages:

	A	B	C	X	Y
Department X	30	30	20	–	20
Department Y	25	40	25	10	–

Prepare an overhead distribution statement by using the repeated distribution method to show the total overheads of production departments after re-apportioning service departments' overhead. Show all the calculations to the nearest rupee.

3. XYZ Ltd. has given the following particulars. You are required to prepare a cash budget for quarters ending 31st December, 2020.

Month	Sales	Materials	Wages	Overheads
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

Credit Terms are:

- (i) Sales/debtors – 10% sales are on cash basis. 50% of the credit sales are collected next month and the balance in the following month.
- (ii) Creditors – materials 2 months, wages 1/5 month, overheads 1/2 month.
- (iii) Cash balance on 1st October, 2020 is expected to be Rs. 8,000.
- (iv) A machinery will be installed in August, 2020 at a cost of Rs. 1,00,000. The monthly installment of Rs. 5,000 is payable from October onwards.
- (v) Dividend at 10% on preference share capital of Rs. 3,00,000 will be paid on 1st

December, 2020

(vi) Advance to be received for sale of vehicle Rs. 20,000 in December.

(vii) Income-tax (advance) to be paid in December Rs. 5,000.

4. ABC Limited produces a single product and standard costing system is followed in the organization. Following information is available from the cost records of the company for the month of October 2020:

Material purchased	36,000 kg.	Rs. 2,88,000
Material consumed	34,200 kg	-----
Actual wages paid for	7,750 hours	Rs. 50,375
Units produced	2,850	-----

Standard data are as follows:

Direct Materials: 10 kg. per unit @ Rs.8.50 per kg.

Direct wages: 2.5 hours per unit @ Rs.6 per hour

You are required to calculate the following variances:

- (a) Material cost variance
 - (b) Material Price variance
 - (b) Material Usage variance
 - (c) Labour cost variance
 - (e) Labour rate variance
 - (f) Labour efficiency variance

5. SR Company Limited produces three grades of a product – super, good and normal. Each of these three grades of the product are high in demand and the company is able to sell whatever is produced.

The machine operations which is part of overall process operations is a limiting factor. The company is operating at 100% capacity. The fixed cost is Rs.4,80,000. In addition, the Cost Accountant was able to extract the following information about the three grades of product.

Product	Super	Good	Normal
Budgeted Production (units)	10,000	10,000	10,000
Process hours per unit	10	10	8
Machine hours per unit	6	5	4
Selling price per unit (Rs.)	360	340	300
Direct Materials cost per unit (Rs.)	200	180	150
Direct Labour cost per process hour (Rs.)	7	7	5

Variable Overheads per machine hours (Rs.)	5	10	12
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Required:

- (i) Determine the contribution margin per unit of each grade of product
- (ii) Present an analysis to management showing the relative profitability of three grades of product, assuming machine operations are the limiting factor.

6. SR Ltd. produces Product 'Z' through two distinct processes - Process I and Process II. On completion, it is transferred to finished stock. Following information is given for a particular month:

Particulars	Process I	Process II
Raw material used	7,500 units	---
Raw material cost per unit	Rs.60	---
Transfer to next process/finished stock	7050 units	6570 units
Normal Loss (on input)	5%	10%
Direct Wages	Rs.1,40,000	Rs.1,20,000
Direct Expenses	60% of direct Wages	65 % of direct Wages
Manufacturing Overheads	20% of direct Wages	Rs. 34,650
Realizable value of scrap per unit	Rs.29	Rs.40

There was no opening or closing stock of work in progress. You are required to:

- (i) Prepare process accounts, normal wastage account, abnormal wastage account and abnormal gain account if there is abnormal gain.
- (ii) 6,000 units of finished stock were sold at a profit of 20% on cost. Find the selling price.
