

C.U.SHAH UNIVERSITY

Summer Examination-2019

Subject Name: Management Accounting

Subject Code: 4MS06MAT1

Branch: BBA

Semester: 6

Date: 25/04/2019

Time: 10:30 To 01:30

Marks: 70

Instructions:

- (1) Use of Programmable calculator & any other electronic instrument is prohibited.
- (2) Instructions written on main answer book are strictly to be obeyed.
- (3) Draw neat diagrams and figures (if necessary) at right places.
- (4) Assume suitable data if needed.

- Q-1 Attempt the following questions: (14)**
- | | | |
|----|---|---|
| a) | State the functions of management accountant in brief | 1 |
| b) | State any two techniques of management accounting | 1 |
| c) | State the formula of PV ratio | 1 |
| d) | Define breakeven point | 1 |
| e) | If selling price per unit is Rs. 25 and variable cost per unit is 13 find out contribution per unit | 1 |
| f) | If PV ratio is 25% and sales is Rs.1,50,000 find out variable cost | 1 |
| g) | State the meaning of key factor | 1 |
| h) | If sales is Rs. 100000 and BEP is Rs.70,000 find out margin of safety | 1 |
| i) | Name any three types of budget | 1 |
| j) | State any two limitations of budgetary control | 1 |
| k) | What is the meaning of standard? | 1 |
| l) | State any two types of variances | 1 |
| m) | State any three types of statement to be prepared in fund flow statement | 1 |
| n) | Explain the meaning of fund | 1 |
- Attempt any four questions from Q-2 to Q-8**
- | | | |
|------------|---|-------------|
| Q-2 | Attempt all questions | (14) |
| a. | Explain merits of management accounting | 7 |
| b. | State the difference between cost accounting and management accounting | 7 |
| Q-3 | Attempt all questions | (14) |
| a. | Discuss the limitations of marginal costing | 7 |
| b. | Write a short note : Utility of decision making in different situations | 7 |
| Q-4 | Attempt all questions | (14) |
| a. | Discuss the procedure of budgetary control system | 7 |
| b. | State advantages and limitations of standard costing | 7 |
| Q-5 | Attempt all questions | (14) |
| a. | If selling price per unit is Rs. 50, variable cost per unit is Rs. 24 and fixed cost is Rs.1,30,000 find out (1)BEP in units and amount(2) sales to earn profit of Rs. 42,000(3) profit at a sale of 8,000 units. | 7 |



- b. A company has three plants I , II & III working at 100%, 75% & 60% capacity.

7

Particulars	Plant I(In Lakhs)	Plant II(In Lakhs)	Plant III(In Lakhs)
Sales	200	150	60
Variable cost	140	108	48
Fixed cost	30	28	6

Find out:

1. Breakeven point of the merged plant
2. The profit at 80 % of the merged capacity
3. Sales required for merged plant to earn profit of 60 lakh.

Q-6

Attempt all questions

(14)

Prepare Cash budget for the period April to June 2018.

1. Opening cash balance 450000.
2. Month wise Sales, Purchase, Wages & Other expenses are as under.

Month	Sales	Purchase	Wages	Other exp.
Feb.	220000	100000	13000	9000
March	290000	190000	16000	11000
April	430000	260000	19000	8000
May	300000	280000	17000	10000
June	250000	220000	18000	8000
July	210000	130000	23000	12000

3. Out of total sales 25% is cash sale. Out of credit sales 40% received in next month 35% in second next month & balance in the third next month.
4. Material is brought before the month of sales and paid after 2 months of purchase.
5. Time lag for wages is 1/4th month and for other exp. It is 1/8th month.
6. Taxes to be paid in May 30000
7. One old machine sold in June for 50000 , 60% was to be received in same month of sale.

Q-7

Attempt all questions

(14)

a

A company produces two products A and B

7

Particulars	A	B



Direct material (@Rs. 2 per Kg.)	Rs. 36	Rs.24
Direct labour (@ Rs.5 per hour)	Rs. 35	Rs.30
Variable overhead (% of labour cost)	100%	125%
Selling price per unit	150	170

- b Which product would you recommend if labour hours is a limiting factor
X company is producing 10000 units prepare flexible budget at 6000 & 7500 units from the below information.

7

Particular	Per Unit (RS.)
Direct Material	10
Direct Labour	8
Factory Overhead (20% Fixed)	7
Administrative Overhead (Fixed)	3
Selling & Distribution overhead (70% Variable)	9

Find out profit or loss at each capacity if selling price is Rs.42 per unit

Q-8

Attempt all questions

(14)

- a. Prepare statement showing change in working capital from below data

7

Particulars	2017	2018
Creditors	22000	21200
Debtors	34000	31300
Bills payable	16000	18300
Bills receivable	17000	19400
Stock	49000	50400
Cash	21000	22500
Bank overdraft	59000	62700
Provision for tax	20000	19300
Prepaid expenses	11000	9100
Proposed dividend	31500	34000

- b. Calculate various material variances from below information

7

Material	SQ	SP	AQ	AP
X	320	4200	380	3400
Y	380	4800	300	5500
Total	700		680	

