Enrollment No: ______________________ Exam Seat No:______________________

C. U. SHAH UNIVERSITY

Winter Examination-2022

Subject Name: Management Accounting - I

Subject Code: 4CO05MAC2 **Branch: B.Com (English)**

Semester: 5 **Date: 21/11/2022** **Time: 02:30 To 05:30** **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) Which of the following items is not source of funds? 1

(a) Earning operating profits (b) Sales of fixed assets

(c) Borrowing any liability (d) Repayment of debentures

b) Purchase of investments result in… 1

(a) Source of Fund (b) Application of Fund

(c) Both (a) and (b) (d) None of these

c) Net Working Capital means…. 1

(a) Total Current assets (b) Fixed assets less total current assets

(c) Total Current Liabilities(d) Current assets less current liabilities

d) The outlook of Financial Accounts and Management knowledge which is seen in Accounting is called …. 1

(a) Final Accounts (b) Cost Accounts

(c) Financial Accounting (d) Management Accounting

e) Management Accounting is specially emphasized on…. 1

(a) Past (b) Experience

(c) Future (d) Decision

f) Which of the following is included as the tools of revenue receipt and payment accounting as per Management Accounting ? 1

(a) Project Decision (b) Capital Budgeting

(c) Fund Flow Statement (d) Profit Planning & re-investment

g) In Standard Costing, Standards are not set for …. Items. 1

(a) Direct Material (b) Direct Labor

(c) Overheads (d) Fixed Assets

h) Standard costing is …. 1

(a)expected pre-determined cost per unit (b) Cost incurred in production

(c) Cost of actual production (d) None of the above

i) The cost of a product determined under standard cost system is… 1

(a) Fixed Cost (b) Current Cost

(c) Historical cost (d) Pre – determined cost

j) Marginal Costing is also known as: 1

(a) Direct Costing (b) Relevant Cost

(c) Differential Cost (d) Cost of Production

k) Sales minus variable cost indicates: 1

(a) Fixed Cost (b) Profit

(c) Contribution (d) None of these

l) The technique of Costing which find out the effects of changes in volume of output on profitability is called … . costing. 1

(a) Marginal (b) Differential

(c) Process (d) Standard

m) If P. V. Ratio is 40% and fixed expenses are Rs. 50,000, then Break Even Point will be: 1

(a) Rs. 1,00,000 (b) Rs. 1,25,0000

(c) Rs. 75,000 (d) Rs. 1,50,000

n) Which of the following tools and techniques are not used by Management Accountancy? 1

(a) Standard Costing (b) Operating Costing

(c) Managerial Costing (d) Budgetary Control

Attempt any four questions from Q - 2 to Q - 8

Q. 2 **Attempt all questions**

(a) Explain Advantages of Marginal Costing. 07

(b) Discuss the Importance and Limitations of Standard Costing. 07

Q. 3 **Attempt all questions**

(a) Give the meaning of Standard Costing and give Difference between – Estimated Cost and Standard Cost. 07

(b) Write a note on 'Utility of Fund flow statement. 07

Q. 4 **Attempt all questions**

(a) Explain Principles of Management Accounting. 07

(b) Give Difference: Financial Accounting System and Management Accounting System. 07

Q. 5 **Attempt all questions**

(a) Particular for standard Labor hours for the production of one unit in a factory are as under: 10

Types	Hours	Wage Rate Rs.
Skilled Workers	5	1.50
Unskilled Workers	8	0.50
Semiskilled workers	4	0.75

Actual Workings: Actual Production: Actual Production of 1000 units.

Types	Hours	Wage Rate Rs.
Skilled Workers	4,500	2.00
Unskilled Workers	10,000	0.45
Semiskilled workers	4,200	0.75

Calculate following Variances:

(1) Labor Cost Variance (2) Labor Rate Variance

(3) Labor Efficiency Variance (4) Labor Mix Variance

(b) Particular regarding labor cost of factory are as under: 04

Standard Hours : 10,000 hours

Standard Rate per hour : Rs. 2. 50

Actual Wages paid : Rs. 22,500

Actual hours taken : 11,250 hours

Find Out: (1) Labor Cost Variance (2) Labor Rate Variance

Q. 6 **Attempt all questions**

(a) Following are the summarised balance sheet of ABC Limited as on 31st March 2021 and 31st March 2022. 14

Liability	2021	2022	Assets	2021	2022
Share capital	112500	112500	Fixed assets	100000	80000
General Res.	75000	77500	Investment	12500	15000
P & L A/c	7500	8750	stock	50000	48750
Creditors	22500	18750	Debtors	50000	113750
Tax provision	18750	2500	Bank Bala.	39750	49250
Debentures	-	67500	Bills Recv.	10000	3750
Capital Res.	6500	8250			
Bills Pay.	19500	14750			
	262500	**310500**		**262500**	**310500**

Additional information:

(1) Investment costing Rs. 2,000 were sold during the year 2021-22 for Rs. 2,125 and new investments worth Rs. 4,500 were purchased.

(2) Net profit was Rs. 15,500 after debiting the depreciation of Rs. 17,500 on fixed assets and tax provision made Rs. 2,500.

(3) During the year part of the fixed assets costing Rs. 2,500 was sold for Rs. 3,000.

(4) Dividend paid during the year amounted to Rs. 10,000.

From the above information, Prepare "Fund Flow Statement."

Q. 7 **Attempt all questions**

(a) A standard mixture for production of Product "M" is as follows: 14

Material	Kilogram	Price Per Kg. Rs.
F	10	16
N	6	18
Z	4	13

A standard wastage is 20% of input. Actual output was480 kgs.

Actual usage and costs is as follows:

Material	Kilogram	Price Per Kg. Rs.

F	320	6,400
N	120	1,800
Z	200	1,800

Compute: (1) Material Cost Variance (2) Material Price Variance

(3) Material Usage Variance (4) Material Mixed Variance

(5) Material Yield Variance.

Q. 8 **Attempt all questions**

(a) XYZ Co. manufactures 10,000 jars per month and sells at Rs. 12.50 per jar. Company have production capacity of 20,000 jars per month. Cost details for 10,000 jars is as bellows: 07

	Rs.
Cost of material	10,000
Labour Cost	25,000
Power Exp.	5,000
Misc. Exp.	10,000
Fixed Exp.	80,000
Total Cost	1,30,000

Company can secure an export order for monthly supply of 10,000 jar, with a condition to supply for one year continuously. The offer price from foreign company is Rs. 7.50 per jar.

Should the company accept this offer?

(b) The information of Shri Ram Co. Ltd. is as under: 07

Selling Price per Unit …………………..Rs. 90

Material per unit ……………………….Rs. 30

Labor per unit…………………………...Rs. 15

Variable expenses per unit………………Rs. 15

Fixed expenses…………………………..Rs. 2,25,000

Calculate:

(1) Break Even Point**(in units and rupees).**

(2) Sales required to earn profit of Rs. 45,000 and margin of safety.

(3) Amount of sale, when loss is Rs. 30,000.

(4) New Break Even Point when fixed expenses increased by 30%.

(5) To earn profit of Rs. 75,000, hoe many more percentage of sale than BEP sale is required?