

June 2016

Bachelor of Business Administration (BBA) Examination
IV Semester

Management Accounting

Time : 3 Hours]

[Max. Marks : 80

Note : Attempt any three questions from Section A. Each question in this section carries 16 marks. Attempt any two questions from Section B. Each question in this section carries 16 marks.

Section A

1. "Management Accounting is an extension of Financial Accounting." Discuss.
2. Discuss the process of budget and its limitation. How the Budget helps in controlling function ?
3. Write short notes on the following :
 - (a) Zero Base Budgeting System
 - (b) Behavioural Aspect in Budgeting
 - (c) Forecasting
 - (d) Cost Accounting and Management Accounting.
4. What is Standard Costing ? Discuss various basis to set the standard for total cost.
5. Discuss the factors which are to be analyse for the process of shut down decision.

Section B

6. Prepare Flexible Budget from the following data given below at 60%, 75% and 90% capacity at present company is working on 60% capacity with 12,000 unit of production :

Material Direct	Rs. 80 per unit
Direct Labour	Rs. 160 per unit
Direct Overhead	Rs. 90 per unit
Indirect Material (50% fixed)	1,20,000
Indirect Overhead (70% fixed)	1,44,000
Selling and Dist Exp. (100% variable)	Rs. 30 per unit
Selling price at 60% capacity	Rs. 520 per unit
at 75% capacity selling price	Rs. 510 per unit
at 90% capacity selling price	Rs. 500 per unit

7. Arihant Chemical Ltd. manufactures Product Y by mixing material A and B using in equal ratio as per the standard quantity. The actual quantity has been used 280 quintals in the ratio 60:40 A and B respectively. The Standard price of material A and B are Rs. 120 and 140 respectively and actual price were Rs. 150 and 145 respectively. You are required to calculate Material Cost, Material Usages, Material Price and Material Mixed Variance.
8. You are requested to prepare a Sales Overhead Budget from the estimates given below :

	Rs.
Advertisement	2,500
Salaries of the Sales Department	5,000
Expenses of Sales Department	1,500
Counter Salesmen's Salaries and Dearness Allowance	6000
Commission to Counter Salesman at 1% on their sales.	
Travelling Salesmen's commission at 10% on their sales and expenses at 5% on their sales. The sales during the period were estimated as follows :	

Counter Sales	Travelling Salesmen's Sales
Rs.	Rs.
80,000	10,000
1,20,000	15,000
1,40,000	20,000

9. Due to industrial depression, a plant is running, at present, at 50% of its capacity. The following details are available :

Cost of Production per unit

Direct Material	Rs. 2
Direct Labour	Rs. 1
Variable Overhead	Rs. 3
Fixed Overhead	Rs. 2
	<u>Rs. 8</u>

Production per month	20,000 units
Total Cost of Production	Rs. 1,60,000
Sale Price	Rs. 1,40,000
Loss	<u>Rs. 20,000</u>

An exporter offers to buy 5,000/- units per month at the rate of Rs. 6.50 per unit and the company hesitates to accept the offer for fear of increasing its already large operating losses.

Advise whether the company should accept or decline this offer.