

**VPM's**  
**Dr. V. N. BRIMS, Thane**  
**Programme: PGDM (2014-16) Fourth Batch**  
**First Semester Examination September 2014**

**Subject : Management Accounting & Control I**

Roll No. :		Marks : 60 Marks
Total No. of Questions :	7	Duration : 3 Hours
Total No. of printed pages :	3	Date :

**Note: Q1 is compulsory and solve any FOUR from the remaining SIX questions.**

**Q. 1 (a) Fill in the blanks (1 x 5 = 5 marks)**

- I. All indirect costs are collectively called -----.
- II. .... Loss is generally not controllable.
- III. Variable costs are fixed .....
- IV. Raw Material consumed = Opening Stock of Raw Material + Raw Material Purchased - .....
- V. Margin of Safety = Sales -  $\frac{P}{V}$  Ratio

**(b) The following data are obtained from the records of a factory. (15 Marks)**

	Rs.	Rs.
Sales 4,000 units @Rs.25 each		1,00,000
Materials consumed	40,000	
Variable overheads	10,000	
Labour charges	20,000	
Fixed overheads	<u>18,000</u>	<u>88,000</u>
Net profits		<u>12,000</u>

Calculate:

- (i) The break-even point.
- (ii) The sales needed to earn a profit of 20% on sales.
- (iii) The extra units which should be sold to obtain the present profit, if it is proposed to reduce the selling price by 20%
- (iv) The selling price to be fixed to reduce its break-even point to 500 units under present conditions.
- (v) The Margin of safety.

**Attempt Any FOUR from the Remaining SIX Questions**

**Q2) Any two from (a) or (b) or (c) (5x2) = 10 Marks**

- a) Distinguish between Financial Accounting & Management Accounting
- b) When volume is 3000 units, average cost is Rs.4 per unit. When volume is 4000 units, average cost is Rs.3.50. The break-even point is 5000 units. Find the profit-volume ratio.
- c) If margin of safety is 40% of sales, find fixed costs when profit is Rs.20,000.

**Q3) Any two from (a) or (b) or (c)**

**(5x2) = 10 Marks**

- a) Distinguish between Fixed Budget & Flexible Budget
- b) The standard cost card for one unit of a product shows the following costs for material and labour:

Material: 4 pieces @ Rs.5.00

Labour: 10 hours @ Rs.1.50

5,700 units of product were manufactured during the month of Mach 2014 with the following material and labour costs:

Material: 23,000 pieces @ Rs.4.95

Labour: 56,800 hours @ Rs.1.52

Calculate appropriate Material Variances.

- c) Calculate appropriate Labour Variances from the above data

**Q4) Any two from (a) or (b) or (c)**

**(5x2) = 10 Marks**

- a) Distinguish between Budgeted Cost & Standard Cost
- b) For PQR Ltd. If the margin of safety is ₹ 3, 60, 000 (45% of sales) and P/V ratio is 40%. Calculate Total Variable Cost and Break Even Sales.
- c) Briefly explain the process of Budgetary Control.

**Q5) Any two from (a) or (b) or (c)**

**(5x2) = 10 Marks**

- a) Distinguish between Absorption Costing & Marginal Costing
- b) Calculate Break Even Sales from the following information:

	Year I	Year II
Total Sales	₹ 20,000	₹ 30,000
Total Cost	₹ 17,600	₹ 21,600

- c) What are the various costs associated with maintaining inventory ?

**Q6) Any two from (a) or (b) or (c)**

**(5x2) = 10 Marks**

- a) State practical applications of Marginal costing in Decision Making.
- b) Write short note on "Zero Base Budgeting".
- c) XYZ Ltd manufactures an industrial product A whose quarterly demand is 30,000 units. To manufacture 1 unit of product A, 4 units of a particular component B is required. The cost of 1 unit of component B to the company stands at Rs.125 and its ordering cost is Rs.400. The opportunity cost of carrying inventory is estimated at 12% p.a. Calculate the following for component B: Note:
- Economic Order Quantity (EOQ)
  - If a discount of 2% is offered by the supplier, is it advisable to consider a minimum order/lot size of 10000 units for XYZ Ltd.?

**Q7) Any two from (a) or (b) or (c)**

**(5x2) = 10 Marks**

a) Write short note on Economic Ordering Quantity (EOQ).

b) You are provided with the following information:

Fixed Expenses ₹ 6,000, Break Even Point ₹ 10,000, Old Selling Price is ₹ 100

You are required to calculate:

- i. P/V Ratio
- ii. Profit when sales are ₹ 20,000
- iii. Sales to earn profit of ₹ 9,000

c) From the above data, calculate:

- i. New Break Even Point, if selling price is reduced by 20%
- ii. New Break Even Point if variable cost is increased by 50%.

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