VPM's
DR VN BRIMS, Thane
Programme: MMS (2014-16)
First Trimester Examination October 2015

Subject	**Managerial Accounting and Control**		
Roll No.		**Marks**	**60 Marks**
Total No. of Questions	**7**	**Duration**	**3 Hours**
Total No. of printed pages		**Date**	**2.11.2015**

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

Q1) 20 Marks (Compulsory)

The following information of Alok Ltd is given to you,
Consumable material: Rs.
Opening stock 20,000
Purchases 1,22,000
Closing stock 10,000
Direct wages 36,000
Direct Expenses 24,000
Factory overheads 50 % of direct wages
Office and administration overheads 20% of works cost
Selling and distribution expenses Rs.3 per unit sold
Units of finished goods
In hand at the beginning of the period (Value Rs. 12500) 500
Units produced during the period 12,000
In hand at the end of the period 1,500
Find out the selling price per unit if 20% profit on selling price. There is no work-in-progress either at the beginning or at the end of the period.

a) You are required to prepare Cost Sheet for the period ended on 31St march 2006
b) If you were a proprietor Alok Ltd, what changes would you do in the above cost composition to increase your profits.

Attempt Any FOUR from the Remaining SIX Questions

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

a) What is budgetary control, how does it helps in reducing cost.
b) You are given the following data ,Calculate
  i. Breakeven point
  ii. Sales to earn profit of 20000
  Fixed cost 150000
  Variable cost 15 per unit
  Selling price is 30 per unit

c) A company has a P/V ratio of 40%, by what % must sales be increased to offset 20% reduction in selling price.

Q3) ***Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks***

a) Differentiate between fixed and flexible budget?

b) Ridewell cycles purchases 20000 bells p.a from an outside supplier at Rs. 5 each. The management feel that these bells can be manufactured and not purchased. A machine costing rs 50000 will be required to manufacture the item within the factory. The machine has a capacity of 30000 units and a life of 5 years. The following additional information is available.

Material cost per bell- 2.00
Labour cost will be 1.00
Variable overheads – 100% of direct labour

You are required to advise whether the company should continue to purchase the bells from the outside supplier or should make them in the factory.

c) The company should accept the order to supply 5000 bells to market at a selling price of Rs. 4.50per unit.

Q4) ***Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks***

The following information is extracted from stores ledger of Material X

Opening stock	Nil
Purchases	
Jan 1	100 @ 1 per unit
Jan 20	100 @ 2 per unit
Issues	
Jan 22	60 for Job W16
Jan 23	60 for Job W 17

a) Calculate the receipt and valuation by adopting FIFO
b) LIFO
c) Weighted average method

Q5) ***Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks***

a) What is Master budget? how is it connected to all departments.
b) Can EOQ be calculated with discounts? Justify
c) Explain the following cost and its relevance in Cost sheet
  i. Interest Paid.
  ii. Deferred Expenses
  iii. Commission paid to salesman

Q6) ***Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks***

a) What is inventory management; explain its importance in E commerce industry?

b) ABC Company buys in lot of 125 boxes which is 3 months supply. The cost per box is 125 and the ordering cost is Rs. 250 per order. The inventory carrying cost is estimated at 20% of unit **p.a**

You are required to ascertain

  i. What is total annual cost of existing inventory policy?
  ii. How much money would be saved by employing EOQ?

c) 100 skilled workmen, 40 semi skilled workmen and 60 unskilled workmen were to work for 30 weeks to get a contract job completed. The standard weekly wages were Rs. 60 Rs. 36 and 24 respectively. The job was actually completed in 32 weeks by 80 skilled, 50 semi skilled and 70 unskilled workmen who were paid 65, 40 and 20 respectively as weekly wages.
Find out labour cost variance, labour rate variance and labour mix variance.

Q7) ***Any two from (a) or (b) or (c) ——————— (5x2) = 10 Marks***

Aditya ltd has received an export order for its sole product that would require the use of half of the factory's total capacity, which is estimated at 4 lakh units p.a The condition of the export order is that it has to be accepted in full, acceptance of part quantity is not allowed.

The factory is currently operating at 60% level to meet the demand of its domestic customer. As against the current price of Rs. 6.00 per unit, the export offer is 4.70 per unit, which is less than the total cost of current production.

The cost breakdown is given below

Particulars	per unit
Direct Material -	2.50
Direct Labour -	1.00
Variable expenses -	0.50
Fixed overhead	- 1.00
Total Cost	5.00

The company has the following options

a) Accept the export order and cut back domestic sales as necessary.

b) Remove the capacity constrain by installing necessary equipment and also by working overtime to meet both domestic and export demand. This will increase fixed overheads by 15000 annually, and additional cost for overtime work will amount to 40000 for the year.

c) Appoint a subcontractor to manufacture the additional requirement and meet the domestic and export requirement in full by supplying raw materials, paying a conversion charge of Rs. 2.00 per unit and appointing a supervisor at a salary of 3000 per month for checking the quality of the product and controlling operations at the manufacturing unit.