



Institute of Management
JK Lakshmipat University
Jaipur
END TERM EXAMINATION- Dec 2019

BBA Sem-III
MM: 40 Marks

Course: Management Accounting
Time: 2 Hours
Subject code: AC06

Answer any 4 Questions of 10 Marks each.

Q1. The Standard cost of a Chemical mixture is:

40% of material A at Rs. 20 per kg and 60% of material B at Rs. 30 per kg.

A Standard loss of 10% is expected in production.

During a period, the actual material used:

90kgs Material A at a cost Rs. 18 per kg.

110 kgs material B at a cost of Rs. 34 per kg.

The weight produced is 182kgs. of good product.

Calculate:-

- a. Material price variance
- b. Material mix variance
- c. Material yield variance
- d. Material cost variance

Q2. Prepare a Cash flow Statement from the following details.

Equity & Liabilities	31-12-12 (Rs.)	31-12-13 (Rs.)	Assets	31-12-12 (Rs.)	31-12-13 (Rs.)
Share Capital	70000	74000	Cash	9000	7800
Debentures	12000	6000	Debtors	14900	17700
Reserve for			Stock	49200	42700
Doubtful- debts	700	800	Land	20000	30000
Trade Creditors	10360	11840	Goodwill	10000	5000
P/L A/c	10040	10560			
	103100	103200		103100	103200

In addition, you are given:

1. Dividend paid total Rs. 3500.
2. Land was purchased for Rs. 10,000.
3. Amount provided for amortization of goodwill Rs. 5000.
4. Debentures paid off Rs. 6000.

Q3. Distinguish between any two-

- a. Absorption costing and Marginal Costing
- b. Budgeting and forecasting
- c. Standard Costing and Budgetary Control

Q4. M/s. Jupiter & Co. Ltd. manufactures a product in its factory the cost details including selling price are given below:

Sales 6000 units	Rs. 540000
Direct Materials	Rs.96000
Direct Labour	Rs.120000
Direct Expenses	Rs.20000
Factory Overheads	Rs.200000
Administration Overheads	Rs.21000
Selling and Distribution Overheads	Rs.25000

Out of fixed overheads, 12.5% (factory overhead) and 20% of (selling and distribution overheads) are variable. Administration overheads are wholly fixed. Now, it is revealed that existing product could not achieve budgeted level for two consecutive years; the management decides to introduce a new product with marginal investment but largely using present plant and machinery.

The cost data of the new product is given below:

Direct Materials	Rs. 16 per unit
Direct Labour	Rs. 15 per unit
Direct Expenses	Rs. 2 per unit
Variable Factory Overheads	Rs. 2 per unit
Variable Selling & Distribution Overheads	Rs. 1.5 per unit

Marketing Manager of the company is expecting to sell 2000 units of new product at a price of Rs.60 per unit.

The fixed factory overheads are expected to increase by 10% and fixed selling and distribution expense will go up by Rs.13, 500 annually. Administration overheads will remain unchanged.

You are advised to give your opinion. Should the new product be introduced?

Q5. Prince Narchal sells various pottery items at regional craft fair. His fixed costs (depreciation on the kiln, utilities, tools, portable selling booth) are ₹ 4325 per year. The average price for a piece of pottery is ₹ 6.50, and the average variable cost (e.g., clay, paints, glazes, and price tags) is ₹ 4.00 per item.

1. How many pieces of pottery must Prince sell to Just cover his expenses?
 2. If Prince wants to earn ₹ 7,000 in profit, how many pieces of pottery must he sell?
- Prepare a variable costing income statement to verify the answer.