

JK LAKSHMIPAT UNIVERSITY, JAIPUR
INSTITUTE OF MANAGEMENT
RE-TEST EXAMINATION (ODD SEM. 2021)
BBA-III Semester

Time: 1.5

Hours

MM: 40 Marks

Course: Management Accounting

Course Code: FA1102

Instructions: All questions are compulsory. Questions are application oriented. Use appropriate language which reflects critical thinking in taking decision making related to applicability of theoretical concepts.

Q.1 The standard inputs required for 1,000 kgs. Of finished product are given below:

Material	Quantity (in Kgs.)	Standard Rate per kg. (in Rs.)
x	300	3
y	400	4
z	500	5
Total Input	1,200	
Less: Standard Loss	200	
Standard Output	1,000	

Actual production in a period was 1000 kgs. Of the finished product for which the actual quantities of material used and prices paid there of are as under:

Material	Quantity (in Kgs.)	Standard Rate per kg. (in Rs.)
x	320	3.20
y	480	3.80
z	424	5
Total Input	1,224	

Based upon above information compute:

1. Compute various material variances. 7
2. Based upon variance analysis, for which materials you will suggest purchase manager to change the supplier. Give proper logics to validate your answer. 1.5
3. Based upon variance analysis, for which material usage, production manager should exercise extra control. Give proper logics to validate your answer. 1.5

Q.2 From the following forecasts of income and expenditure of Omkara Pvt. Ltd, prepare a cash budget for the months January to April 2021: 8

	Months	Sales (credit) Rs.	Purchase (credit) Rs.	Wages Rs.	Manufac-turing expenses	Admin Expenses Rs.	Selling exp. Rs.
2020	Nov.	30,000	15,000	3,000	1,150	1,060	500
	Dec.	35,000	20,000	3,200	1,225	1,040	550
2021	Jan.	25,000	15,000	2,500	990	1,100	600
	Feb.	30,000	20,000	3,000	1,050	1,150	620
	March	35,000	22,500	2,400	1,100	1,220	570

	April	40,000	25,000	2,600	1,200	1,180	710
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Additional Information:

- The debtors are allowed a credit period of 2 months.
- A dividend of Rs. 10,000 is payable in April.
- Capital expenditures to be incurred: Plant purchased on 15 January for Rs. 5,000, a building will be purchased on 1 March and the payment are to be made in monthly installment of Rs. 2,000 each.
- The creditors are allowing a credit of 2 months.
- Wages are paid on the first of the next month.
- Lag in payment of other expenses is one month.
- Balance of cash in hand on 1 January 2021 is Rs. 15,000.

Manager of Omakra is thinking to arrange an overdraft facility of Rs. 20,000 for May 2021 start as he thinks company will have liquidity crunch after April. IS it advisable, provide proper reasoning behind your answer?

2

Q.3 From the following data, calculate:

- PV ratio
- Break even point expressed in amount of sales in rupees and units
- Number of units that must be sold to earn a profit of Rs. 60,000 per year.
- How many units must be sold to earn a profit of 10% of sales?

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Particulars	Amount in Rs.
Selling price	25 per unit
Variable Manufacturing costs	11 per unit
Variable selling costs	3 per unit
Fixed factory overheads	5,40,000 per year
Fixed selling costs	2,52,000 per year

Q.4 The expenses for the production of 5,000 units in a factory are given as follows

8

	Per unit Rs.
Material	50
Labour	20
Variable overheads	15
Fixed overhead (50,000)	10
Administrative expenses (5% variable)	10
Selling expenses (20% fixed)	6
Distribution exp. (10% fixed)	5
Total cost of sales per unit	RS. 116

2

You are required to prepare a budget for the production of 7,000 units and 9,000 units. Based upon your solution reasoning, explain which law of return is applicable in this case.