Subject Paper Code	:	52417612	
Name of the Paper	:	Management Accounting	
Name of the Course	:	B.Com (P)	
Semester	:	VI (CBCS)	
Duration	:	2 Hours	Maximum Marks: 75

(Write your Roll No. on the top immediately on receipt of this question paper)

Note:- *Answers may be written either in English or in Hindi; but the same medium should be used throughout the paper*
Attempt any four questions. All questions carry equal marks.

1 Management accounting provides immense help in management's decision making. Discuss.

2 From the following data, calculate the following variances:

(i) Material cost variance
(ii) Material price variance
(iii) Material usage variance
(iv) Material mix variance
(v) Material yield variance

You are also required to analyse the reasons of the variances.

Material	Standard		Actual	
	Quantity Kgs	Rate Rs	Quantity Kgs	Price Rs
X	8000	1.05	7500	1.20
Y	3000	2.15	3300	2.30
Z	2000	3.30	2400	3.50

3 Chennai Engineering Ltd. manufactures two products P1 and P2 by using raw materials A, B, C and D in the proportion as follows.
Product P1 uses raw materials A and B in the ratio 4:1.
Product P2 uses raw materials C and D in equal proportions.
The finished weight of product P1 and P2 are equal in the weight of their ingredients.
During the month of January, 2014 it is expected that 60 tons of P1 and 200 tons of P2 will be sold.
Actual and budgeted inventories for the month of January, 2014 are as follows:

Material	Actual Inventory as on 01-01-2014	Budgeted Inventory as on 31-01-2014
A	15 tons	20 tons
B	10 tons	40 tons
C	200 tons	300 tons
D	250 tons	200 tons
Product P1	10 tons	5 tons
Product P2	50 tons	60 tons

The purchase price of material for January, 2014 is expected to be as follows:

Material	Rupees per Ton
A	500

B	400
C	100
D	200

All materials will be purchased in the beginning of January.
You are required to prepare

a) The production budget for the month of January.
b) The material requirement budget for January.
c) The materials purchase budget indicating the expenditure for materials for January.

4 S Ltd. released the figures of Year 1 and Year 2 as under:

	Year 1	Year 2
Sales units	2,40,000	2,40,000
Production units	2,40,000	4,00,000
Selling price per unit (Rs)	20	20
Variable manufacturing cost per unit (Rs)	12	12
Annual Fixed Manufacturing cost (Rs)	12,00,000	12,00,000
Variable Marketing and administrative costs per unit (Rs)	1.25	1.25
Fixed marketing and administrative costs (Rs)	4,20,000	4,20,000

a) Prepare Income Statement for both Years, using absorption costing
b) Prepare Income Statement for both Years using variable costing
c) Comment on the different operating profit figures.

5 A firm has a capacity to manufacture 15,000 units of a product per annum. Presently, it produces 10,000 units which are sold in the domestic market at Rs 25 per unit. The production cost of the product per unit is as under:

Material	Rs 8
Labour	Rs 6
Factory overheads	
Fixed	Rs 2
Variable	Rs 1.50
Office overheads (fixed)	Rs 1
Selling overheads	
Fixed	Rs 0.50
Variable	Rs 1
Total	Rs 20

A foreign customer is interested in the product and he is willing to buy 5,000 units (one order) but a price of Rs 17.50 per unit. Should the order be accepted by the firm? If yes, what possibly be the underline assumptions?
Will your advice be different if the price offered is Rs 15 per unit?

6 The aim of responsibility accounting is not to place blame. Instead it is to evaluate performance and provide feedback so that future operations can be improved. Elucidate.