S.Y.BMS (3rd sem) Feb. 2006 Management Accounting

WASHER

Instruction: (I) Section A is compulsory.
(II) Answer any three questions from section B.

SECTION- A

Q.1 Explain the following concepts 15

(a) Normal loss
(b) Contract price
(c) P/V ratio
(d) Standard cost

Q. 2 The projected output of a plant, when sold, would earn Rs.70,000 in sales income to Mixers Ltd. The variable costs for this production volume would be Rs.30,000. The fixed costs are Rs.20,000. Determine the following. 15

(i) Break-even point of the company
(ii) Profit or loss to the company on sales of Rs.49,000 and Rs.28,000.
(iii) Amount of sales that will enable the company to earn a net profit of Rs.28,000.
(iv) Calculate Margin of safety. Consider all the alternatives separately.

SECTION-B

Q. 3 The standard materials cost to produce a tonne of chemical X is 10

300 kg of material A @ Rs.10 per kg.
400 kg of material B @ Rs.5 per kg.
500 kg of material C @ Rs.6 per kg.
During a period, 1000 tonnes of mixture X was produced from the usage of
35,000 tonnes of material A at a cost of Rs.9 per tonne.
42,000 tonnes of material B at a cost of Rs.6 per tonne.
53,000 tonnes of material C at a cost of Rs.7 per tonne.
Calculate the price, usage and mix variance.

Q.4 XYZ L td. Manufactures and sells three chemicals produced by consecutive processes known as X. Y. and Z. In each process, 2% of the total weight put in is lost and 10% is scrap, which from processes X and Y realized Rs.100 a tonne and from Z Rs.200 a tonne. The product of the three processes are dealt with as following: 10

	X	Y	Z
Sent to warehouse for sale	25%	—	100%
Passed on to next process	75%	100%	—
Materials used (tonnes)	100	140	1,348
Cost per tonnes of materials (Rs.)	120	200	80
Manufacturing expenses (Rs.)	30,800	25,760	1,810

Prepare an account of each process, showing cost per tonne of each process.

Q. 5 What is Budgetary control? Explain different types of Budgets popularly used by management for cost control. 10

Q. 6 What is capital budgeting? Explain any two techniques of capital budgeting in detail. 10