

Name:  
Enrolment No:



**UNIVERSITY OF PETROLEUM AND ENERGY STUDIES**  
**End Semester Examination, December 2019**

**Course: Management Accounting**  
**Program: B Com Tax**  
**Course code: FINC 2023**  
**Instructions:**

**Semester: 3<sup>rd</sup> Semester**  
**Time: 03 Hours**  
**Max. Marks: 100**

**SECTION A**

**( 20 Marks)**

Q1	_____ Accounting becomes a source of information for Management Accounting. (A) Financial (B) Cost (C) Both (A) and (B) (D) None of the above	<b>2 Marks</b>	<b>CO1</b>
Q2	Managerial accounting information is generally prepared for ..... (A) Shareholders (B) Creditors (C) Managers (D) Regulatory agencies	<b>2 Marks</b>	CO1
Q3	Marginal costing is concerned with: A) Fixed cost b) Variable cost c) Semi variable cost d) None of the above	<b>2 Marks</b>	CO2
Q4	The use of management accounting is A) Compulsory B) Optional C) Obligation D) Statutory requirement	<b>2 Marks</b>	CO2
Q5	Current ratio is a _____. A. short-term solvency ratio. B. long-term solvency ratio. C. profitability ratio. D. turnover ratio.	<b>2 Marks</b>	CO2
Q6	Fixed costs are conventionally deemed to be: A. Constant per unit of output B. Constant in total when production volume changes C. Outside the control of management D. Those unaffected by inflation	<b>2 Marks</b>	CO1
Q7	Management accounting analyses accounting data with the help of _____. A. auditors. B. statutory forms. C. tools and techniques. D. formula	<b>2 Marks</b>	CO2
Q8	Margin of Safety is the difference between _____. A. planned sales and planned profit . B. actual sales and break-even sales. C. planned sales and actual sales . D. planned sales and planned expenses.	<b>2 Marks</b>	CO1
Q9	Total sales - total variable cost _____. A. fixed cost. B. semi-variable cost. C. contribution. D. break-even point.	<b>2 Marks</b>	CO2
Q10	The entire process of preparing the budgets is known as _____. A. Planning. B. Organizing. C. Budgeting. D. Controlling.	<b>2 Marks</b>	CO2

<b>SECTION B</b> ( 20 Marks)																															
<b>Attempt any four questions</b>																															
Q1	Discuss the importance of Inter Department Transfer Pricing.	<b>5 Marks</b>	<b>CO2</b>																												
Q2	Explain the Tools and techniques of management accounting.	<b>5 Marks</b>	<b>CO3</b>																												
Q3	Elaborate the relationship between Management Accounting and Cost Accounting.	<b>5 Marks</b>	<b>CO3</b>																												
Q4	Discuss the various short term decision making situations.	<b>5 Marks</b>	<b>CO4</b>																												
Q5	Explain the significance of responsibility accounting in divisional performance measurement.	<b>5 Marks</b>	<b>CO3</b>																												
<b>SECTION-C</b> ( 30 Marks)																															
<b>Attempt any three questions</b>																															
Q1	<p>A company has a maximum capacity of producing 2,10,000 units per year. Normal capacity is regarded as 1,80,000 units per year. Variable manufacturing costs are Rs 11 per unit and fixed manufacturing costs are Rs 5,40,000. Variable selling costs are Rs 3 per unit, while fixed selling costs are Rs 2,52,000 per year. Selling price per unit is Rs 20.</p> <p>(a) What is the Break-even Point expressed in units?</p> <p>(b) What is the volume of sales (in rupees) to earn a target Net Income of Rs 60,000 per year?</p> <p>(c) How many units must be sold to earn a Net Income of 10% on sales?</p> <p>(d) What should be the selling price per unit if the Break-even Point is to be brought to 80,000 units.</p> <p>(e) Margin of Safety at a profit of Rs 90,000.</p>	<b>10 marks</b>	<b>CO3</b>																												
Q2	<p>Calculate the material variance from the following information:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><b>Material</b></th> <th style="text-align: center;"><b>Standard</b></th> <th style="text-align: center;"><b>Actual</b></th> </tr> </thead> <tbody> <tr> <td>X</td> <td style="text-align: center;">90 units @ Rs 12 each</td> <td style="text-align: center;">100 units @ Rs 12 each</td> </tr> <tr> <td>Y</td> <td style="text-align: center;">60 units @ Rs 15 each</td> <td style="text-align: center;">50 units @ Rs16 each</td> </tr> </tbody> </table> <p>From the following particulars calculate:</p> <p>a) Material cost variance</p> <p>b) Material usage variance</p> <p>c) Material price variance</p>	<b>Material</b>	<b>Standard</b>	<b>Actual</b>	X	90 units @ Rs 12 each	100 units @ Rs 12 each	Y	60 units @ Rs 15 each	50 units @ Rs16 each	<b>10 marks</b>	<b>CO3</b>																			
<b>Material</b>	<b>Standard</b>	<b>Actual</b>																													
X	90 units @ Rs 12 each	100 units @ Rs 12 each																													
Y	60 units @ Rs 15 each	50 units @ Rs16 each																													
Q3	<p>The following figures are extracted from the books of X Ltd.</p> <table style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td>Land &amp; Building</td> <td style="text-align: right;">Rs 12,00,000</td> <td>Plant &amp; Machinery</td> <td style="text-align: right;">Rs 10,00,000</td> </tr> <tr> <td>Equity Capital</td> <td style="text-align: right;">Rs 10,00,000</td> <td>Preference Share Capital</td> <td style="text-align: right;">Rs 4,00,000</td> </tr> <tr> <td>Stock</td> <td style="text-align: right;">Rs 4,80,000</td> <td>Debtors</td> <td style="text-align: right;">Rs 4,00,000</td> </tr> <tr> <td>Bank</td> <td style="text-align: right;">Rs 1,10,000</td> <td>Other Current Assets</td> <td style="text-align: right;">Rs 10,000</td> </tr> <tr> <td>P &amp; L A/c (Credit)</td> <td style="text-align: right;">Rs 4,00,000</td> <td>Reserve</td> <td style="text-align: right;">Rs 2,00,000</td> </tr> <tr> <td>Creditors</td> <td style="text-align: right;">Rs 1,60,000</td> <td>Bills Payable</td> <td style="text-align: right;">Rs 1,20,000</td> </tr> <tr> <td>Other Current Liabilities</td> <td style="text-align: right;">Rs 1,20,000</td> <td>Debentures</td> <td style="text-align: right;">Rs 8,00,000</td> </tr> </tbody> </table> <p>Calculate: i) Debt Equity Ratio ii) Current Ratio iii) Proprietary Ratio iv) Quick Ratio v) Return</p>	Land & Building	Rs 12,00,000	Plant & Machinery	Rs 10,00,000	Equity Capital	Rs 10,00,000	Preference Share Capital	Rs 4,00,000	Stock	Rs 4,80,000	Debtors	Rs 4,00,000	Bank	Rs 1,10,000	Other Current Assets	Rs 10,000	P & L A/c (Credit)	Rs 4,00,000	Reserve	Rs 2,00,000	Creditors	Rs 1,60,000	Bills Payable	Rs 1,20,000	Other Current Liabilities	Rs 1,20,000	Debentures	Rs 8,00,000	<b>10 marks</b>	<b>CO4</b>
Land & Building	Rs 12,00,000	Plant & Machinery	Rs 10,00,000																												
Equity Capital	Rs 10,00,000	Preference Share Capital	Rs 4,00,000																												
Stock	Rs 4,80,000	Debtors	Rs 4,00,000																												
Bank	Rs 1,10,000	Other Current Assets	Rs 10,000																												
P & L A/c (Credit)	Rs 4,00,000	Reserve	Rs 2,00,000																												
Creditors	Rs 1,60,000	Bills Payable	Rs 1,20,000																												
Other Current Liabilities	Rs 1,20,000	Debentures	Rs 8,00,000																												

	on Investment																											
Q4	<p>Explain the role of ratio analysis in the interpretation of financial statement of Company. Or Detail the role of a management accountant and give an account of the functions performed.</p>	<b>10 marks</b>	<b>CO3</b>																									
<b>SECTION-D ( 30 Marks)</b> <b>Attempt both questions</b>																												
Q1	<p>The information regarding the composition and the weekly wage rates of labour force engaged on a job schedule to be completed in 3 weeks are as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: center;">Standard</th> <th colspan="3" style="text-align: center;">Actual</th> </tr> <tr> <th style="text-align: center;">Category of Workers</th> <th style="text-align: center;">No. of Workers</th> <th style="text-align: center;">Weekly Rate per worker</th> <th style="text-align: center;">No. of Workers</th> <th style="text-align: center;">Weekly Rate per worker</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Skilled</td> <td style="text-align: center;">75</td> <td style="text-align: center;">60</td> <td style="text-align: center;">70</td> <td style="text-align: center;">70</td> </tr> <tr> <td style="text-align: center;">Semi-skilled</td> <td style="text-align: center;">45</td> <td style="text-align: center;">40</td> <td style="text-align: center;">30</td> <td style="text-align: center;">50</td> </tr> <tr> <td style="text-align: center;">Unskilled</td> <td style="text-align: center;">60</td> <td style="text-align: center;">30</td> <td style="text-align: center;">80</td> <td style="text-align: center;">20</td> </tr> </tbody> </table> <p>The worker was completed in 40 weeks. Calculate various labour variances.</p>	Standard		Actual			Category of Workers	No. of Workers	Weekly Rate per worker	No. of Workers	Weekly Rate per worker	Skilled	75	60	70	70	Semi-skilled	45	40	30	50	Unskilled	60	30	80	20	<b>15 marks</b>	<b>CO3</b>
Standard		Actual																										
Category of Workers	No. of Workers	Weekly Rate per worker	No. of Workers	Weekly Rate per worker																								
Skilled	75	60	70	70																								
Semi-skilled	45	40	30	50																								
Unskilled	60	30	80	20																								
Q2	<p>Draw up a flexible budget for overhead expenses on the bases of the following data and determine the overhead rate at 70%, 80% of and 90% plant capacity.</p> <p style="text-align: center;">80% capacity Rs</p> <table style="width: 100%;"> <tbody> <tr> <td><b>Variable overheads –</b></td> <td></td> </tr> <tr> <td>Indirect labour -</td> <td style="text-align: right;">12000</td> </tr> <tr> <td>Stores including spares</td> <td style="text-align: right;">4000</td> </tr> <tr> <td><b>Semi-variable overheads</b></td> <td></td> </tr> <tr> <td>Power (30% fixed, 70% variable)</td> <td style="text-align: right;">20000</td> </tr> <tr> <td>Repairs and maintenance (60% fixed, 40% variable)</td> <td style="text-align: right;">2000</td> </tr> <tr> <td><b>Fixed overheads</b></td> <td></td> </tr> <tr> <td>Depreciation</td> <td style="text-align: right;">11000</td> </tr> <tr> <td>Insurance</td> <td style="text-align: right;">3000</td> </tr> <tr> <td>Salaries</td> <td style="text-align: right;">10000</td> </tr> </tbody> </table>	<b>Variable overheads –</b>		Indirect labour -	12000	Stores including spares	4000	<b>Semi-variable overheads</b>		Power (30% fixed, 70% variable)	20000	Repairs and maintenance (60% fixed, 40% variable)	2000	<b>Fixed overheads</b>		Depreciation	11000	Insurance	3000	Salaries	10000	<b>15 marks</b>	<b>CO4</b>					
<b>Variable overheads –</b>																												
Indirect labour -	12000																											
Stores including spares	4000																											
<b>Semi-variable overheads</b>																												
Power (30% fixed, 70% variable)	20000																											
Repairs and maintenance (60% fixed, 40% variable)	2000																											
<b>Fixed overheads</b>																												
Depreciation	11000																											
Insurance	3000																											
Salaries	10000																											