

JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA

PGDM / PGDM (M) / PGDM (SM)

THIRD TRIMESTER (Batch 2022-24)

END TERM EXAMINATION, APRIL 2023

Set 2

Course Name	Management Accounting and Control	Course Code	10204
Max. Time	2 hours	Max. Marks	40

INSTRUCTIONS:

- a. Answer all the questions
- b. Calculator (including scientific) is allowed in the examination, but exchange of calculators is strictly prohibited.
- c. Necessary assumptions can be made wherever required, but students must mention and state logic behind such assumptions.
- d. Strictest disciplinary action will be taken if unfair means is adopted.

(CLO 2, BT 1)

- 1) X Deserts Ltd had a budgeted production of black forest birthday special cakes of 2200 units for December 2022. Standard direct material required is 5 pound @Rs14 per pound. Standard Direct Labour hour required to produce 1 cake = 0.50 hours@ Rs. 200 per hour. The company actually produced 2000 cakes in December 2022 using 10250 pounds direct materials @ Rs14.20 per pound. Actual direct labour hour used was 980 hours@ Rs. 210 per hour. Find –

- a) Material cost variance
- b) Material price variance
- c) Material usage variance
- d) Labour cost variance
- e) Labour rate variance
- f) Labour efficiency variance

Marks 12 (2 x 6)

- 2) The following data are available from the Cost Ledger of XYZ Industries for the year ending 31st March 2021
{CLO2; BT level II}

	(Rs)
Management Salaries	25000
Power for this plant	15000
Rental for leasehold Equipment	12000
Indirect Wages	35000
Rectification Cost of Defectives	8400
Plant Maintenance	30,000
Lighting	7000
Depreciation on plant	10000
Rates & Taxes for the works	4000
Staff Salaries	35000
Consumable Stores	10000

Selling Expenses	25000
General Charges	140000
Sale proceeds from scrap	5000

During the year ending 31st March 2021 total production was 100,000 units. The breakup of Prime Cost per unit was: Materials Rs.3.00 per unit and wages Rs. 2.00. The average selling price was Rs.8.00 per unit and the entire quantity produced during the year was sold out.

With effect from 1st April 2022, the selling price was reduced to Rs.7.00 per unit. It was envisaged that production could be enhanced during 2022 by 15% percent without incurring any overtime or extra-shift work, or additional selling expenses.

You are required to compile statement showing:

- (1) Actual cost and the profit for the year ending 31st Mar 2021
- (2) Estimated cost and profit for the year 31st Mar 2022 assuming that the entire production will be sold.

Marks 10 (5+5)

(CLO 3, BT IV)

3) A Ltd makes bicycle components. The company currently has Rs 195000 (book value) of obsolete parts attributable to changes in design specifications. The parts can be sold for Rs. 70,000 or modified for Rs.100,000/ and sold for Rs. 203000/

Analyze –

- a) Which data are relevant for decision making of the obsolete parts ?
- b) Prepare an analysis of the decision with regard to the inventory.

Marks 8

(3+5)

(CLO 1, BT II)

Q4) The following figures is extracted from the books of a manufacturing concern for the year 2021-22:

	(Rs.)
Direct Materials	3,00,000
Direct Labour	75,000
Fixed Overhead	50,000
Variable overhead	1,00,000
Sales	7,00,000

- A) Show the Break- Even point and P/V ratio based on the above data
- B) Demonstrate the effect on B.E.P. of an increase of 7% in: - (a) Fixed Expense (b) Variable Expenses

Marks 10