

JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA
PGDM / PGDM (M) / PGDM (SM)
THIRD TRIMESTER (Batch 2023-25)
END TERM EXAMINATIONS, APRIL 2024

Course Name	Management Accounting and Control	Course Code	20204
Max. Time	2 hours	Max. Marks	40 MM

Instructions:

1. All questions are compulsory
2. It's a closed book exam
3. Overall permissible plag is 10%. Penalty clause: 11 - 20% - minus 5 marks, above 20% - reappear
4. Qs should be solved below the Answer cell on the Reappear Answer sheet available on Moodle.
5. Keep saving your excel workbook after every few minutes to avoid losing your work. While uploading your answer sheet on Moodle, double check to ensure that you are uploading the right file.

Q1 (7+3 = 10 marks) CLO 1, BT III and V

(a) Trendy Enterprises is a leading producer and supplier of apparels. The information available from cost and sales records from the end of the year are as follows:

Particulars	Amount (Rs.)
Sales Revenue	10,47,000
Advertisement expenses	29,480
Fixed factory rent	1,97,400
Office electricity	41,800
Sales commission charges	22,200
Direct materials purchased	94,800
Indirect labour	11,800
Direct labour	2,76,700
Office salaries	16,800

Total apparels produced during the year is 26,000 units. The closing stock of finished goods is of Rs. 15,000, while the opening stock was Rs. 22,600.

Construct a cost sheet for the year for this company. (7)

(b) Your company manufactures two products: 190 bottles of pickles and 110 bottles of chutney. Both products are produced using a machine which operates for 15 hours to produce the pickles and 18 hours for producing the chutney. The total costs of machine production (machine overheads) is Rs. 5,20,000.

Determine the machine overheads that should be allocated to the pickles and chutney separately, using activity based costing (ABC) system. Show all relevant calculations. Also identify the cost driver that you used for this purpose. (3)

Q2 (3+3+4= 10 marks)

CLO 2, BT IV and V

Tathila Pvt. Ltd. manufactures and sells table fans. For producing 1 unit of table fan, it incurs the following costs:

Direct materials: Rs. 48

Direct labour: Rs. 48

Other variable expenses: Rs. 16

The fixed cost of production, irrespective of the number of table fans sold, is Rs. 3,84,000.

Further, It can sell one table fan at a selling price of Rs. 240.

a) Estimate the P/V ratio of Tathila Pvt. Ltd. and interpret its meaning. (3)

b) Estimate the breakeven point of the company in terms of number of fans and volume (in Rs.) of fans. Examine whether the company would be in profit if it produces and sells 2700 units. (3)

c) Examine and interpret the impact on P/V ratio and breakeven point if the direct materials costs per fan increases from Rs. 48 to Rs. 55 (4)

Show all relevant calculations.

Q3 (6+3+1= 10 marks)

CLO 2, BT V

A multi product company, Shubhadra Pvt. Ltd. manufactures and sells three types of beverages in a year: Cold coffee, Hot chocolate, Lassi. The cost details of all three products, along with their yearly sales (in terms of number of cups), are as follows:

Particulars (Rs.)	Cold coffee (20,000 cups)	Hot chocolate (24,000 cups)	Lassi (10000 cups)	Total
Direct material cost	120,000	49,200	5,040	
Direct labour cost	84,000	45,400	13,840	
Direct packaging expenses	71,800	23,960	8,460	

Sales commission (depends on the number of packets produced and sold)	22,600	24,900	110,000	
Fixed company rent				2,10,000
Fixed administrative overheads				1,18,900

The selling price per cup is Rs. 30 for Cold coffee, Rs. 15 for Hot chocolate and Rs. 20 for Lassi. Over the past few months, Shubhadra Pvt. Ltd. has observed that the demand for hot chocolate has been falling. Hence, it is considering eliminating the 'hot chocolate' from its product line. You are required to:

- Decide if the company should drop 'hot chocolate' from its product line. Explain the decision and show all relevant calculations. (6)
- Explain the non-cost qualitative factors that are going to affect your decision. (3)
- If you were asked to compulsarily drop one of the above products from the product line, which one would that be? Justify. (1)

Q4 (8+2=10 marks)

CLO 3, BT IV and V

Madhuban Enterprises has appointed you as their manager for controlling their costs. For manufacturing their best-selling sarees, they employ both skilled and unskilled workers. The standard wage rate and standard labour hours of the two grades of labourers for producing 1 saree is as follows:

- 6 hours of skilled labour at Rs. 60 per hour
- 3.6 hours of unskilled labour at Rs. 35 per hour

During the year, they produce 1500 sarees. For the same, they actually employed 5100 hours of skilled labour and 6100 hours of unskilled labour. The labourers were actually paid a wage of Rs. 56 per hour (skilled labour) and Rs. 37.5 per hour (unskilled labour). You are required to:

- Estimate the labour rate variance, labour usage variance and labour cost variance. (8)
- Analyze the possible causes of the labour cost variances. (2)