

JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA

PGDM, Second Trimester (Batch 2017-19)

Re- END TERM EXAMINATIONS

Course Name	Management Accounting and Control	Course Code	FIN 201
Max. Time	2 hours	Max. Marks	40

Note: Attempt all questions.

Q1. The sales and profit figures of Midas Inc. for two successive years are as follows:

(7)

	Previous Year	Current Year
Number of units sold	15000	20500
Sales(Rs In Lakh)	3750	5125
Profit /Loss(Rs)	825	1178.75

Based on the above data you are required to determine the following:

- The amount of fixed cost incurred by the firm
- The breakeven point for the firm (in rupees and in units)
- The amount of sales to earn a profit of Rs 25 crores
- Margin of safety if actual sales of Midas is 17.5 crores.

Q2. Mega Chemical Company produces Zylex A and a related product Zylex B. Zylex B which sells for \$17 per gallon, is made from a base of Zylex A plus additional ingredients. It takes 25 minutes to manufacture a gallon of Zylex A and an additional 10 minutes to manufacture a gallon of Zylex B. Zylex A sells for \$11.00 per gallon. The cost per gallon of manufacturing Zylex A and the additional costs to convert it into Zylex B are:

(8)

	Zylex A	Additional Cost to convert Zylex A into Zylex B
Material	\$ 2.00	\$ 1.75
Labour	\$ 2.50	\$ 0.50
Variable Overhead	\$ 2.25	\$1.10

Both products have been successful and demand for both products is strong and beyond the company's capacity. Since it takes additional time to manufacture Zylex B, the vice president of production is trying to determine whether Zylex B should be produced or not. As a management accountant help the company in deciding whether to further process the product or not.

Q.3 Alpha Ltd produces shoes and usually price as a markup of 20% over full cost. Management estimates that variable cost will be Rs 90 per unit and fixed cost per year as Rs 210000.

- Assuming sales of 1000 units, find the full cost of a pair of shoes and the price.
- If the quantity demanded is only 500 units, what is the full cost per unit and the price per unit?
- What are the challenges for the company if demand is less than expected?

[10]

Q4. Copex designer manufactures carpets. The following information relates to the fiscal year ending March 31, 2016: (10)

Beginning balance in raw material inventory	500,000
Purchase of raw material	2,000,000
Ending balance in raw material inventory	250,000
Beginning balance in work in process inventory	700,000
Ending balance in work in process inventory	400,000
Direct labor cost	3,000,000
Manufacturing overhead applied	700,000
Beginning balance in finished goods inventory	800,000
Ending balance in finished goods inventory	400,000
Sales	7,500,000
Selling expenses	550,000
General and administrative expenses	900,000

You are required to prepare a schedule of cost of goods manufactured. Assume that there are no indirect material costs.

Q5. How does a firm observe difference while allocating overhead costs under the activity costing system and traditional costing system? Explain with a suitable example. (5)