The standard loss in production is 10% of input. There is no scrap value. Actual production for a month was 7,425 Kgs. of A2 from 80 mixes. Actual consumptions and purchases of material during the month were.

Kgs	Material	Price per Kg(Rs.)
4,200	X	6.50
1,700	Y	4.50
2,600	Z	9.75

You are required to calculate the following variances for presentation to the management Material Cost Variance, Material Price Variance, material Mix Variance, Material Yield Variance.

Or

(b) The following information relates to the manufacturing process of a company:

Number of employees	: 200
Weekly hours worked	: 40
Standard Wage rate	: 0.50 per hour
Standard output	250units per hour

During the first week of February four employees were paid at 0.45 per hours and two employees at 0.55 per hour, the rest were paid at standard rates. Idle time is one hour per employee. Actual output was 10,250 articles. Calculate labor variance.

Reg. No. : ....

Code No. : 5652 **Sub. Code : ZBAM 15**

M.B.A.(CBCS) DEGREE EXAMINATION,

NOVEMBER 2022.

First Semester

Business Administration – Core

ACCOUNTING FOR MANAGERS

(For those who joined in July 2021 onwards)

Time : Three hours Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. The Profit made by a concern during the past one year would be the capital increased by Rs.40,000 and drawing amounted to Rs.10,000

(a) 40,000 (b) 30,000

(c) 50,000 (d) 10,000

2. Interest on drawing is

(a) expenditure for the business

(b) Income to proprietor

(c) Gain for the business

(d) None of the above

3. Overhead cost is the total of

(a) All indirect cost

(b) All direct cost

(c) Direct and indirect costs

(d) Specific cost

4. Indirect material scrap is adjusting along with

(a) Prime cost (b) Works cost

(c) In P & L a/c (d) In trading a/c

5. An estimated cost per unit in long run, which enables the company to achieve its per unit target, operating income is classified as

(a) Target operating income per unit

(b) Target cost per unit

(c) Total current full cost

(d) Total cost per unit

6. Activity based costing

(a) Uses a plant – wide overhead rate to assign overhead

(b) is not expensive to implement

(c) Typically applies overhead costs using direct labour-hours

(d) uses multiple activity rate

7. A flexible budget is

(a) Budget for difference capacity levels

(b) Budget for different department

(c) Budget for receipts and payments

(d) None of the above

8. Consumption of raw material is based on

(a) Sale (b) Production

(c) Cash (d) Market

9. Variance analysis involves

(a) dividing variance according to causes

(b) fixing responsibility for loss

(c) Identify gains in working

(d) None of the above

10. Standard hour represents

(a) Time taken by workers for production

(b) Expected number of hours the factory should work

(c) output of different kinds expressed in terms of hours

(d) focused on working hours

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).

11. (a) Differentiate Journal from Ledger.

Or

(b) Salqain Mustaq of Karachi is not an expert in accounting. He prepared the following trial balance. You are requested to correct it prepare a corrected trial balance

S.No	Name of the Account	L.F.	Debit Balance Rs.	Credit Balance
1	Capital		-	15,560
2	Sales		-	27,560
3	Sales Return		-	980
4	Drawings		5,640	-
5	Sundry Debtors		-	5,300
6	Freehold premises		7,410	-
7	Purchases		12,680	-
8	Returns outwards		2,640	-

S.No	Name of the Account	L.F.	Debit Balance Rs.	Credit Balance
9	Loan form sharma		-	2,500
10	Sundry Creditors		5,280	-
11	Administration Expenses		7,840	-
12	Cash in hand		1,420	-
13	Bills payable		1,000	-
14	Wages		5,980	-
15	Opening stock		-	2,640
16	Factory expenses		4,650	-
			54,540	54,540

12. (a) Examine the purpose of cost accounting

Or

(b) Srikar and Co., produces a product through two processes 'J' and 'K. Prepare the process accounts front the following details relating to march 2007.

	Process J Rs.	Process K Rs.
Material	45,000	15,000
Labour	60,000	25,000
Chargeable Expenses	5,000	10,000

The overheads amounting to Rs. 17,000 are to be apportioned on the basis of labour.

13. (a) Describe the main advantages of Target costing.

Or

(b) Examine the scope of Stores Management.

14. (a) Illustrate prerequisites and pitfalls in forecasting.

Or

(b) Draw up a flexible budget for production at 75% and 100% capacity on the basis of the following data for a 50% activity

Particulars	Per unit Rs.
Materials	100
Labour	50
variable expenses (direct)	10
Administrative expenses (50%Fixed)	40,000
Selling and Distribution expenses (60% fixed)	50,000
present production(50% activity)	1,000 units

15. (a) Discuss the various steps involved in standard costing.

Or

(b) Calculate the material mix variance from the following Material.

Material	Standard	Actual
A	90 units at Rs.12 each	100 units at Rs.12 each
B	60 units at Rs.15 each	50 units at Rs.16 each

PART C — (5 × 8 = 40 marks)

Answer ALL the questions Choosing either (a) or (b).

16. (a) The following are the ledger balances extracted from the books of weifa

	Rs.		Rs.
Weifa's capital	50,000	Sales	3,01,000
Bank overdraft	8,400	Return inwards	800
Furniture	5,200	Discount (cr)	800
business Premises	40,000	Taxes and Insurance	4,000
Creditors	26,000	General Expenses	8,000
Opening Stock	44,000	Salaries	18,000
Debtors	36,000	Commission allowed	4,400
Rent from tenants	2,000	carriage on purchases	3,600
purchases	2,20,000	Provision for doubtful debts	1,000
		Bad debts written off	1,600

Adjustments

(i) Stock on hand on 31.12.1995 was estimated as Rs.40,120

(ii) Write off depreciation on business premises Rs.600 and furniture's Rs. 520

(iii) Make a provision of 5% on detors for bad And Doubtful debts

(iv) Allow interest on capital at 5% and carry forward Rs. 1,400 for unexpired insurance. Prepare final accounts for the year ended 31.12.1995

Or

(b) A second hand machine was purchased on 1-1-90 for Rs.30,000 and repair charges amounted to Rs60,000. It was installed at a cost Rs. 4,000. On 1 st July 1991, another machine was purchased for Rs.26,000. On 1st July 1992 the first machine was sold for Rs.30,000. On the same day. One more machine was bought for Rs.25,000. On 31-12-92, the machine bought on 1 st July 1991 was sold for Rs.23,000. Accounts are closed every year on 31 st December. Depreciation is written off at 15% per annum. Prepare the machinery A/c for 3 years ending 31-12-92.

17\. (a) Ramsons Ltd. Produces a product which goes through three processes A, B AND C before it is finished and sent to the godown for distribution. From the following details. ascertain the cost of the product at the end of each stage of production.

Particulars	Process A Rs.	Process B Rs.	Process C Rs.
Raw Material	10,000	-	-
Other Direct Materials	30,000	20,000	10,000
Direct Wages	10,000	20,000	30,000
Overheads	10,000	8,000	20,000
Output in Units	15,000	14,000	17,000
Opening Stock (Units from Previous process)	-	6,000	5,000
Closing Stock (units from previous process)	-	5,000	1,000

Or

(b) From the following information, prepare a cost sheet for the month of December 2010.

Particulars	Rs.
Stock on hand 1 st Dec 2010	
Raw materials	25,000
Work-in-progress	8,200

Particulars	Rs.
Finished goods	17,300
Raw materials consumed during Dec.2010	21,000
Works cost for the month (After adjusting Work in Progress)	48,400
Cost of Production of goods sold	53,200
Purchase of Raw Materials	21,900
Carriage on purchases	1,100
Sale of finished goods	72,300
Direct Wags	17,200
Direct Expenses	1,200
Factory overheads	9,100
Administration overheads	3,200
Selling and Distribution overheads	4,200

18. (a) Describe the key features of target costing.

Or

(b) "Store Management is very important to Management Skill" – Justify.

19. (a) The cost of an article at a capacity level of 10,000 units is given under A below. For a variation in capacity above or below this level, the individual expenses vary as indicated in B below:

Particulars	A (Rs.)	B	
Materials Cost	50,000	100%	Varying
Labour Cost	30,000	100%	"
Power	3,000	80%	"
Repair and Maintenance	3,500	80%	"
Stores	2,000	100%	"
Inspection	800	25%	"
Depreciation	10,000	100%	"
Administration overhead	3,600	25%	"
Selling overhead	4,500	50%	"
Total	1,07,400		
Cost per unit	10.74		

Find out the unit cost of the product under each individual expense at production levels of 8,000 units and 12,000 units.

Or

(b) Illustrate the Zero base Budgeting concept

20. (a) The standard mix of product A2 is as following:

Kgs	Material	Price per kg (Rs)
45	X	6.00
25	Y	4.50
30	Z	9.50