End Semester Examination June 2023

Name of the Program: B.Com. (Hons.) ACCA
Name of the Course: Management Accounting

Semester: II
Course Code: BCH 202 ACCA

Time: 3 Hours

Maximum Marks: 100

Note:
1. All questions are Compulsory.
2. Answer all the questions by choosing *any two of the sub questions* among a, b and c in each main question.
3. Total Marks in each question is twenty.
4. Each question carries 10 marks

<table>
<tr><td>Q1</td><td>(20 marks)</td><td rowspan="4">CO1</td></tr>
<tr><td>(a)</td><td>Discuss the different types of budget and their uses for a business organisation.</td></tr>
<tr><td>(b)</td><td>A production process uses 10 batches of product A and 30 of product B each year. The costs are as follows:
Item 20X2 20X3
Product A $6.50 $6.90
Product B $2.20 $2.50
With 20X2 as the base year construct a weighted price index using: (a) production quantity as the weighting (b) production cost as the weighting.</td></tr>
<tr><td>(c)</td><td>A shop keeper received the following amounts from the sale of radios:
$
20X1 1,000
20X2 1,100
20X3 1,210
20X4 1,331
20X5 1,464
Is it correct to say that the annual rate of increase in revenue from sales of radios is getting larger? Give calculations in support of your answer.</td></tr>
<tr><td>Q2</td><td>(20 marks)</td><td rowspan="4">CO2</td></tr>
<tr><td>(a)</td><td>Discuss advantages and disadvantages of piece -based and time- based remuneration methods of labour costing.</td></tr>
<tr><td>(b)</td><td>The following information relates to the production of Product X.
Extract from the standard cost card of Product X.
Direct materials (40 square metres × $5.30 per square metre) $212.
Actual results for direct materials in the period: 1,000 units were produced and 39,000 square metres of material costing $210,600 in total were purchased and used.
Required: Calculate the materials total, price and usage variances for Product X in the period.</td></tr>
<tr><td>(c)</td><td>Radek Ltd has budgeted sales of 400 units at $2.50 each. The variable costs are expected to be $1.80 per unit, and fixed costs are to be absorbed at $0.20 per unit. The actual sales were 500 units at $2 each and variable costs were $1.50 and fixed costs were as expected. Calculate the sales price and sales volume variances.</td></tr>
<tr><td>Q3</td><td>(20 marks)</td><td></td></tr>
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	What are the applications to review performance management? Explain the process of performance management review.		CO3
(b)	A business has a job costing system and prices jobs using total absorption costing. The cost estimates for Job 264 are as follows: Direct materials 50 kg @ $4 per kg Direct labour 30 hours @ $9 per hour Variable production overhead $6 per direct labour hour Fixed production overheads are budgeted as $80,000 and are absorbed on the basis of direct labour hours. The total budgeted direct labour hours for the period are 20,000. Other overheads are recovered at the rate of $40 per job. Calculate the total job cost for Job 264.		
(c)	i) Your firm values inventory using the weighted average cost method. At 1 October 20X8, there were 60 units in inventory valued at $12 each. On 8 October, 40 units were purchased for $15 each, and a further 50 units were purchased for $18 each on 14 October. On 21 October, 75 units were sold for $1,200. What was the value of closing inventory at 31 October 20X8? (ii) A company uses the Economic Order Quantity (EOQ) model to establish reorder quantities. The following information relates to the forthcoming period: Order costs = $25 per order Holding costs = 10% of purchase price Annual demand = 20,000 units Purchase price = $40 per unit EOQ = 500 units No safety inventory is held. What are the total annual costs of inventory?		
	(20 marks)		
Q4			
(a)	What do you mean by Management Accounting? Explain in detail the practical application of management accounting tools.		CO4
(b)	The following particulars are available in respect of two investment proposals: (table below) Company's cost of capital is 10%. You are required to rank the proposal by using Net Present Methods and Profitability Index Methods. (PVF = .909, .826, .751, .683, .620)		
(c)	MC is a mobile phone network provider, offering mobile phones and services on a range of different tariffs to customers across Europe. The company enjoyed financial success until three years ago but increasing competitive pressure has led to a recent decline in sales. There has also been an increase in the level of complaints regarding the customer service provided, and the company's churn rate (number of customers leaving the company within a given time frame) is at an all-time high. Required: Discuss how Big Data could help drive the strategic direction of MC company.		
	(20 Marks)		
Q5			

Particulars	Proposal A	Proposal B
Cost in Rs.	80000	96000
Year		
1	15000	19000
2	16000	21000
3	18000	25000
4	22000	29000
5	25000	31000

	Discuss various techniques of data collection.	
(b)	Tel Co manufactures televisions and sells them to large retailers. Due to high staff turnover. no liquidity ratios have been calculated for the year ahead The bank is concerned about the forecas t increase in Tel Co`s overdraft to $40,500 at 30 November 2018and has suggested that the ratios b e calculated. The following forecast information is available for the year ended 30 November 2018 : $ Revenue 343,275 Cost of sales 284,000 Purchases 275,000 Closing Inventory 35,000 Receivables 37,400 Payables 35,410 Calculate: (i) The inventory holding period (ii) The receivables collection period Perform your calculations for (i), (ii) and (iii) to the nearest day and assume that there are 365 day s in a year. Perform your calculation for part (iv) to 3 decimal places.	CO5
(c)	Vincent is preparing a cash budget for July. His credit sales are as follows. $ April (actual) 40,000 May (actual) 30,000 June (actual) 20,000 July (estimated) 25,000 His recent debt collection experience has been as follows. Current month`s sales 20% Prior month`s sales 60% Sales two months prior 10% Cash discounts taken 5% Irrecoverable debts 5% How much may Vincent expect to collect from credit customers during July?	