



BRAINWARE UNIVERSITY

Term End Examination 2019 – 20

Programme – Post Graduate Diploma in Hospital Management

Course Name – Management Accounts

Course Code – PGDHMC105

(Semester – 1)

Time allotted: 2 Hours 30 Minutes

Full Marks: 60

[The figure in the margin indicates full marks. Candidates are required to give their answers in their own words as far as practicable.]

Group –A

(Multiple Choice Type Question)

20 x 1 = 20

1. Answer any *twenty* from the following
 - (i) An estimated price, which is expected to be paid by customers for particular market offering is classified as

a. Target price	b. Target cost
c. Outsource price	d. Off shore price
 - (ii) Practice by seller, about offering same product at different prices, to different customers is known as

a. Price incurrence	b. Price discrimination
c. Price targeting	d. Price engineering
 - (iii) A technique, which accumulates and tracks costs of business function in value chain attributed to each market, offering from R&D to final customer support, is called

a. Product life cycle	b. Life cycle budgeting
c. Life cycle costing	d. Target costing
 - (iv) The labour engaged in the making of a product is known as _____

a. Direct labour	b. Indirect labour
c. Temporary labour	d. None of the above
 - (v) Basic standard is established for

a. Short period	b. Current period
c. Indefinite period	d. None of the above

- (vi) Historical costs have no managerial use because
- | | |
|---|--|
| a. They are made available to management too early to correct inefficiencies. | b. They provide motivation to employees to achieve their objectives. |
| c. They provide yardstick to ascertain the operational efficiency. | d. They cannot become the basis of budgeting and planning. |
- (vii) Direct material cost + direct labor cost + other variable cost is referred as
- | | |
|------------------|---------------|
| a. Contribution | b. Total cost |
| c. Marginal cost | d. Sales |
- (viii) Profit volume ratio establishes the relationship between
- | | |
|----------------------------|---------------------------------|
| a. Contribution and profit | b. Fixed Cost and contribution |
| c. Profit and sales | d. Contribution and sales value |
- (ix) The factor that limits the volume of output of different products of an understanding at a particular point of time is known as
- | | |
|-----------------|----------------------|
| a. Key factor | b. BEP |
| c. Contribution | d. None of the above |
- (x) The following is (are) the indirect labour cost(s)
- | | |
|------------------------------|----------------------------|
| a. Wages paid to storekeeper | b. Salary of works manager |
| c. Wages paid to gatekeeper | d. All of the above |
- (xi) Following is (are) called the element(s) of Cost
- | | |
|-------------|---------------------|
| a. Material | b. Labor |
| c. Expenses | d. All of the above |
- (xii) A started business with cash 5000, building 5000, furniture 2000, having depreciation of 10% on building. The total amount of capital comes to ₹
- | | |
|----------|----------|
| a. 11500 | b. 12000 |
| c. 12500 | d. 13000 |
- (xiii) Standard may not be necessarily useful for this purpose.
- | | |
|----------------|----------------------|
| a. Forecasting | b. Coordinating |
| c. Planning | d. None of the above |
- (xiv) The following method(s) is (are) used to measure labour turnover
- | | |
|----------------------|-----------------------|
| a. Separation method | b. Replacement method |
| c. Flux method | d. All of the above |
- (xv) If cost of direct material use in goods sold is ₹5000 and total revenues are ₹9000 then throughput contribution would be
- | | |
|----------|-----------|
| a. ₹5000 | b. ₹14000 |
| c. ₹4000 | d. ₹9000 |

- (xvi) Marginal cost is computed as
- | | |
|--|--|
| a. Prime cost + All Variable overheads | b. Direct material + Direct labor + Direct Expenses + All variable overheads |
| c. Total costs – All fixed overheads | d. All of the above |
- (xvii) When contribution is negative but less than fixed cost,
- | | |
|---|--|
| a. There is loss equal to fixed costs | b. There is loss more than fixed costs |
| c. There will be loss less than fixed costs | d. All of above are false |
- (xviii) Which of the following statements are true about labour idle time?
- | | |
|--|--|
| a. Labour idle time variance is not caused by non-availability of raw material | b. Labour idle time variance is measured as : Abnormal idle hours * Actual hourly rate |
| c. Labour idle time variance is always unfavorable or adverse | d. All of the above |
- (xix) ABC Ltd is operating a system of standard costing with closing of books done every quarter. The budgeted overheads are Rs 2,55,000. Also, the overhead rate was pre-decided @ Rs 5.1 per labour hours and during a quarter actually used 52,000 labour hours, instead of 51,000 hou₹ The actual overheads resulted in a rate of Rs 4.9 per labour hou₹ What is volume variance?
- | | |
|-------------------------|-------------------------|
| a. Rs 5,100 favorable | b. Rs 5,200 favorable |
| c. Rs 5,100 unfavorable | d. Rs 5,200 unfavorable |
- (xx) Sales margin variance due to sales quantities is measured as
- | | |
|--|--|
| a. Standard profit - Revised standard profit | b. Revised standard profit - Budgeted profit |
| c. Standard profit + Revised standard profit | d. Revised standard profit + Budgeted profit |
- (xxi) Determine B.E.P if Sales is Rs 1,00,000, Variable cost is Rs 50,000 and Profit is Rs 20,000.
- | | |
|--------------|----------------------|
| a. Rs 60,000 | b. Rs 40,000 |
| c. Rs 80,000 | d. None of the above |
- (xxii) Margin of safety is that sales which is above
- | | |
|-----------------|---------------|
| a. CVP Point | b. Cost Point |
| c. Profit Point | d. BE Point |

- (xxiii) A factory produces two types of articles Y and Z. Article Y takes 8 hours to make and Z takes 16 hours. In a month (25 days * 8 hours) 600 units of X and 400 units of Z are produced. Given budgeted hours 8000 per month and men employed are 50. Determine Activity ratio, Capacity ratio and efficiency ratio.
- | | |
|---------------------|----------------------|
| a. 112%, 140%, 140% | b. 140%, 112%, 140% |
| c. 140%, 140%, 112% | d. None of the above |
- (xxiv) Which of the following provides an estimate of the capital amount that may be required for buying fixed assets needed for meeting production requirements.
- | | |
|-------------------------------|----------------------|
| a. Production budget | b. Cash budget |
| c. Capital expenditure budget | d. None of the above |
- (xxv) The process of budgeting helps in the control of
- | | |
|------------------------|---------------------|
| a. Cost of production | b. Liquidity |
| c. Capital Expenditure | d. All of the above |

Group – B

(Short Answer Type Questions)

4 x 5 = 20

Answer any *four* from the following

- | | | |
|----|--|---|
| 2. | State the elements of Budget in brief. | 5 |
| 3. | (a) Define Variance. | 2 |
| | (b) State the causes for which variance arise. | 3 |
| 4. | Distinguish between Direct Cost and Indirect Cost. | 5 |
| 5. | Express in your own words the meaning of management accounting and its objectives. | 5 |
| 6. | Discuss the nature and scope of management accounting. | 5 |
| 7. | Explain in your own words the Cost-Volume Profit analysis. | 5 |

Group – C

(Long Answer Type Questions)

2 x 10 = 20

Answer any *two* from the following

8. (a) The standard raw materials cost of Purchasing 300 units of Product A were as follows: 5
 600 units of Raw Materials @ ₹50 per unit ₹30,000 but actual Raw Materials cost of producing 300 units of Product A were 1000 units of Raw Materials @ ₹40 per unit ₹40,000.
 Determine
 i) Raw Materials Cost Variance
 ii) Raw Materials Price Variance
 iii) Raw Materials Usage Variance
- (b) Calculate the materials mix variance from the following: 5
 Materials Standard Actual
 A 90 units at rs12 each 100 units at ₹ 12 each
 B 60 units at ₹15 each 50 units at ₹ 16 each
9. Prepare Cash Budget for April – September from the following information supplied 10
 by Shaw Automobiles a trading concern:

Liabilities	Amount	Assets	Amount
Proprietor’s Capital	1,00,000	Cash	20,500
Outstanding Liabilities	17,000	Stock in Trade	50,500
		Sundry Debtors	26,000
		Furniture 25,000	
		Less: Depreciation 5,000	20,000
	1,17,000		1,17,000

Sales and Salaries are expected to be as under:

Months	Sales (₹)	Salaries (₹)
April	30,000	3,000
May	52,000	3,500
June	50,000	35,000 (including staff loan of ₹31500)
July	75,000	4,000
August	90,000	4,000
September	35,000	3,000
October	25,000	3,000

The other expenses per month are: Rent - ₹1,000, Depreciation - ₹1,000, Miscellaneous Expenses - ₹500, Commission – 1% of sales.

Of the total sales 80% is on credit and 20% for cash. 70% of the credit sales are collected in one month after. And the balance in the next month.

Purchase equals to the next month’s sales are made every month and they are paid during the month in which they are made.

The firm maintains a minimum cash balance of ₹10,000. Cash deficiencies are made up by bank loans which are repaid at the earliest opportunity available and cash in excess of ₹15,000 is invested in securities (interest on bank loans and securities is to be ignored).

Outstanding liabilities remain unchanged.

Debtors include ₹20,000 pertaining to credit sales of March. State your assumptions.

10. (a) Pepsi Company produces a single article. Following cost data is given about its product:- 5

Selling price per unit ₹40

Marginal cost per unit ₹24

Fixed cost per annum ₹ 16000

Calculate:

(a) P/V ratio (b) break even sales (c) sales to earn a profit of ₹ 2,000 (d) Profit at sales of ₹ 60,000 (e) New break even sales, if price is reduced by 10%.

- (b) From the following information's find out: 5

a. P/V Ratio

b. Sales &

c. Margin of Safety

Fixed Cost = ₹40, 000

Profit = ₹ 20,000

B.E.P. = ₹ 80,000

11. The cost of an article at a capacity level of 5,000 units is given under “A” below. 10
For a variation of 25% in capacity above or below this level, the individual expenses as indicated under “B” below:

Cost per unit ₹ 12.55. Find out the cost per unit and total cost for production levels of 4,000 units and 6,000 units. Also show the total cost and unit cost for 5,000 units.

Particulars	“A” ₹	“B” ₹
Material cost	25,000	(100% varying)
Labour cost	15,000	(100% varying)
Power	1,250	(80% varying)
Repairs and maintenance	2,000	(75% varying)
Stores	1,000	(100% varying)
Inspection	500	(20% varying)
Depreciation	10,000	(100% varying)
Administration overheads	5,000	(25% varying)
Selling overheads	3,000	(25% varying)
Total	62,750	
