IIHMR UNIVERSITY

Institute of Health Management Research

MBA Hospital and Health Management

Batch-23 (2018-2020)

Hospital Management

Management Accounting

Term Examination
January 2020

Time - 3 Hour **MM-70**

The question paper contains 3 printed pages

Q. 1. Multiple choice questions: (5*1= 5 Marks)

A) Cost Accounting Process begins with :

1) Recording of expenditure
2) Controlling of Expenditure
3) Estimating of expenditure
4) None of the above

B) The cost Incurred on Fixed assets is called :

1) Labour cost
2) Material cost
3) Resource cost
4) Capitalised cost

C) Cost which can be directly attributed to a particular cost centre/product :

1) Indirect cost
2) Direct cost
3) Marginal cost
4) None of the above

D) Datta Ltd budgets for a production of 150000 units . The variable cost per unit is Rs 14 and fixed cost per unit is Rs 2 per unit . The company fixes the selling price to fetch a profit of 15% on cost . Compute the Profit/volume ratio.

1) 22.91%
2) 23.91%
3) 24.91%
4) 21.91%

E) A Budget which is established for use over a short period of time is called :

1) Fixed Budget
2) Cost Budget
3) Profit budget
4) Current budget

Q2) Calculate prime cost from the following particulars for a production unit:(5 marks)

Cost of material purchased	30,000
Opening stock of material	6,000
Closing stock of material	4,000
Wages paid	3,000
Rent of hire of a special machine for production	5,000

Q3) From the following data, calculate: (9 marks)

(a) P / V Ratio.

(b) Profit when sales are Rs. 40,000.

(c) New break-even point if selling price is reduced by 20%.

Fixed Expenses Rs. 8,000.

Break-Even point Rs. 10,000.

Q3)Prepare a Cash Budget from the data given below for a period of six months (July to December) (16 MARKS)

Month	Sales	Raw Materials
May	75,000	37,500
June	75,000	37,500
July	1,50,000	52,500
August	2,25,000	3,67,500
September	3,00,000	1,27,500
October	1,50,000	97,500
November	1,50,000	67,500
December	1,37,500	——

(2) Collection estimates:

Within the month of sale: 5%

During the month following the sale: 80%

During the second month following the sale: 15%

(3) Payment for raw materials is made in the next month.

(4)Salary Rs. 11,250, Lease payment Rs. 3750, Misc. Exp. Rs. 1150, are paid each month

(5) Monthly Depreciation Rs. 15,000

(6) Income tax Rs. 26,250 each in September and December.

(7)Payment for research in October Rs.75,000

(8) Opening Balance on 1st July Rs.55,000.

Q4) Prepare a Flexible budget for overheads on the basis of the following data. (16 Marks)

Ascertain the overhead rates at 50% and 60% capacity.

Variable overheads:	At 60% capacity (Rs)
Indirect Material	6,000
Labour	18,000
Semi-variable overheads:	
Electricity: (40% Fixed & 60% variable)	30,000
Repairs: (80% fixed & 20% Variable)	3,000
Fixed overheads:	
Depreciation	16,500
Insurance	4,500
Salaries	15,000
Total overheads	93,000
Estimated direct labour hours	1,86,000

Q.5) Fill in the blanks :(1*4= 4 MARKS)

1) Three Streams of accounting are Financial Accounting, cost accounting and ……………………..

2) Formula for MPV = …………………………..

3) Contribution = sales - ……………………..

4) Contribution = Fixed cost + ………………………

Q.6) Standard wage rate is Rs. 2 per hour and standard time is 10 hours. But actual wage rate is Rs. 2.25 per hour and actual hours used are 12 hours. Calculate Labour cost variances.(5 marks)

Q7) A manufacturing concern, which has adopted standard costing, furnished the following information: (10 Marks)

Standard Material for 70 kg finished product: 100 kg.

Price of materials: Re. 1 per kg.

Actual Output: 2,10,000 kg.

Material used: 2,80,000 kg.

Cost of material: Rs. 2,52,000.

Calculate: (a) Material Usage Variance (b) Material Price Variance (c) Material Cost Variance