Enrolment No.: ....

IIHMR UNIVERSITY

Institute of Health Management Research

MBA Hospital and Health Management
Batch-28th (2023-2025) Hospital Management
Second Year, Term 5 End Term Examination, January 2025

HOM-719 Management Accounting

Time - 3 Hour **Maximum Marks: 50 (Minimum Marks 20)**

Instructions to students:
- **This question paper contains 2 printed page/s.**
- **Don't write anything on the Question Paper except writing your Enrolment No.**

Part A

(Maximum Marks: 5)

Q 1. Fill in the blanks and choose the correct option for the following (1 mark each):

i. Raw material required to produce a medicine is an example of ....

ii. A master budget is a summary of ....

iii. Idle time variance is always...................

iv. Which is the correct marginal costing equation?
(a) P = S-V-F (b) S-V=F-P (c) F-P=S+V (d) S=V+F-P

v. Which of the following is an irrelevant cost?
(a) Sunk cost (b) Labour cost
(b) Materials cost (d) None of these

Part B

(Maximum Marks: 15)

Answer the following questions (5 mark each):

Q 2. A company incurred fixed expenses of ₹450000, with sales of ₹1500000 and earned a profit of ₹300000 during the first half year. In the second half year, it suffered a loss of ₹150000. Calculate (a) break-even point and margin of safety for first half year (b) Sales volume for the second half year, assuming that selling price and fixed expenses remained unchanged during the second half year.

Q 3. Discuss the Goals of managerial accounting in an organization providing health services.

Q 4. Standard hours for manufacturing two products, M and N, 15 hours per unit and 20 hours per unit respectively. Both products require identical kinds of labour and the standard wage rate per hour is ₹5. In a year 10000 units of M and 15000 units of N were manufactured. The total labour hours actually worked were 450500 and the actual wages bill came to ₹2300000. This included 12000 hours paid for @ ₹7 per hour and 9400 hours paid for @₹7.5 per hour, the balance having been paid at ₹5 per hour. Calculate Labour Cost Variance, Labour Rate Variance and Labour Efficiency Variance.

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Part C

(Maximum Marks: 30)

Answer the following questions in detail (10 mark each):

Q 5. The management of the company is thinking whether it should drop product 2 from the product line. The details given below are cost and output data.

Product	Price (₹)	Variable Cost per unit (₹)	Sales (%)
1	60	40	30
2	100	60	20
3	200	120	50

How does dropping product 2 will affect the overall profitability of the business? Will you suggest dropping the product line comment your answer with showing relevant calculations:

Q 6. The following information has been extracted from JK production Co. for the year ended March 31, 2021.

	(₹)
Raw materials as on April 1, 2020.	47000
Raw materials as on March 31, 2021.	45000
Materials purchased	208000
Carraige inwards	8200
Carraige outwards	5100
Sales	487000
Bad debts	4700
Repairs (Plant & Machinery)	8600
Rent, rates, taxes and insurance (factory)	3000
Rent, rates, taxes and insurance (factory)	1000
Production wages	145000
Depreciation (Plant & Machinery)	9100
Depreciation (Office furniture)	600
General administration expenses	20000
Manager's salary	18000

Out of 48 working hours in a week, the time devoted by the manager to the factory and office was on average 30 hours and 18 hours respectively throughout the year.
Prepare a cost statement showing different elements of cost.

Q 7. Briefly discuss the circumstances in which flexible budgets are used, also distinguish between fixed and flexible budget.

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