

M.B.A.

THEORY EXAMINATION (SEM-II) 2016-17
MANAGEMENT ACCOUNTING AND CONTROL

Time : 3 Hours

Max. Marks : 70

Note : Be precise in your answer. In case of numerical problem assume data wherever not provided.

SECTION – A

1. Explain the following:

7 x 2 = 14

- (a) Define product cost.
- (b) What is cost centre?
- (c) Explain zero base budget.
- (d) What is reconciliation statement?
- (e) Explain idle time.
- (f) Define margin of safety.
- (g) Explain target cost.

SECTION – B

2. Attempt any five of the following questions:

5 x 7 = 35

- (a) What do you understand by management accounting? Compare & contrast between cost accounting & financial accounting.
- (b) What are overheads? Explain various steps in overheads accounting.
- (c) Explain marginal costing? Also discuss various application of marginal costing for effective decision making.
- (d) "Budget is an important tool to control cost in an organization". Comment on the statement, stating various types of budgets.
- (e) What do you understand by variance analysis? Discuss various types of variances.
- (f) Explain the concept of transfer pricing. Give in brief various methods of transfer pricing.
- (g) How life cycle costing is useful for decision making? Also state its various stages.
- (h) **From the following data, calculate the break-even point.**

Direct material per unit	Rs. 3
Direct labour per unit	Rs. 2
Fixed overhead (total)	Rs. 10,000
Variable overhead	100% on direct labour
Selling price per unit	Rs. 10

Also determine the net profits, if sales are 10% above the break-even point.

SECTION – C

Attempt any two of the following questions:

2 x 10.5 = 21

3. During the month of May, the following data applies:

Raw material	Standard Mix			Actual Mix		
	Units (Kg)	Price (Rs.)	Amt. (Rs.)	Units (Kg)	Price (Rs.)	Amt. (Rs.)
X	60	25	1,500	56	25	1,400
Y	40	50	2,000	44	50	2,200
Total	100		3,500	100		3,600
Less Loss	30			26		
Yield	70			74		

The standard loss is 30%. Calculate all the material variances

4. In an engineering factory, the following particulars have been extracted for the year ended 31-12-2015

Particulars	Production Department			Service Department	
	A	B	C	X	Y
Direct wages	30,000	45,000	60,000	15,000	30,000
Direct material (Rs.)	15,000	30,000	30,000	22,500	22,500
Staff number	1,500	2,250	2,250	750	750
Electricity (kwh)	6,000	4,500	3,000	1,500	1,500
Assets value (Rs.)	60,000	40,000	30,000	10,000	10,000
Light Points	10	16	4	6	5
Area (Square meters)	150	250	50	50	50

The expenses for the period were as follows:

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Power	1,100	Depreciation	30,000
Lighting	200	Repairs	6,000
Stores overhead	800	General overheads	12,000
Welfare to staff	3,000	Rent and taxes	550

Apportion the expenses of service department Y according to direct wages and those of service department X in the ratio 5:3:2 to the production departments. You are required to prepare on Overhead Distribution Summary

5. A factory produces a standard product. The following information is given to you from which you are required to prepare "Cost Sheet" for the period ended 31st March 2015

Consumable Materials	Amount Rs.
Opening Stock	10,000
Purchases	85,000
Closing Stock	4,000
Direct wages	20,000
Other direct expenses	10,000
Factory overheads	100% of direct labour cost
Office overheads	10% of works cost
Selling and distribution expenses	Rs.2 per unit sold
Units of finished product:	
In hand at the beginning of the period	Unit 1,000 (value Rs. 16,000)
Produced during the period	10,000 units
In hand at the end of the period	2,000 units

Also, find out the selling price per unit on the basis that profit mark-up is uniformly made to yield a profit of 20% of the selling price. There was no work-in-progress either at the beginning or at the end of the period.