



Printed Pages : 3

MBA – 211

(Following Paper ID and Roll No. to be filled in your Answer Book)

**PAPER ID : 7062**

Roll No.

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**M. B. A.**

(SEM. II) EXAMINATION, 2006-07

**MANAGEMENT ACCOUNTING**

*Time : 3 Hours]*

*[Total Marks : 100*

- Note :*
- (1) Attempt all questions.*
  - (2) All questions are of equal value.*

**1** Attempt any **four** of the following : **5×4=20**

- (i) Explain the role of cost in decision making.
- (ii) What is P/V ratio? Give its advantages.
- (iii) How is Zero Based Budget different from traditional budget?
- (iv) Explain clearly the concept of Standard Costs.
- (v) Elaborate the meaning and significance of investment centre.
- (vi) List out the distinctive features of Activity Based Costing.

**2** (i) What is Cost Sheet? Prepare a Cost Sheet using imaginary figures. **10×2=20**

**OR**

- (i) ‘Incremental Costing is useful in many situations.’ Elaborate the statement.

- (ii) The following information is available from the books of New Manufacturing Company Ltd.

	<i>Rs.</i>	<i>Rs.</i>
Sales .....		10,00,000
Variable Costs –		
Direct Materials .....	3,00,000	
Direct Labour .....	3,00,000	
Factory Overhead .....	80,000	
Marketing Expenses.....	70,000	
Admin. Expenses.....	50,000	<u>8,00,000</u>
Contribution .....		<u>2,00,000</u>
Fixed Costs –		
Factory Overhead .....	50,000	
Marketing Expenses.....	30,000	
Admin. Expenses.....	20,000	<u>1,00,000</u>
Net Profit .....		<u>1,00,000</u>

You are required to compute the Break-even Point. A proposal has been made to increase fixed costs by Rs. 10,000, sales and variable costs remaining unchanged. Also compute the new Break-even Point.

**OR**

- 2 “Flexible Budgeting is more realistic in evaluating performance.” Critically examine the statement in the light of Static and Flexible Budgeting.
- 3 (i) From the following information, you are required to calculate – (a) Material Price Variance, and (b) Material Usage Variance. Quantity of Material Purchased – 3,000 units Value of Material Purchased – Rs. 9,000 **10×2**

Standard Quantity of Material required for one tonne of Finished Product – 25 units  
Standard Rate of Material – Rs. 2 per unit, Opening Stock of Material – Nil, Closing Stock of Material – 500 units, Finished Production during the period – 80 tonnes.

**OR**

- (i) Discuss briefly the advantages and limitations of Budgetary Control.
- (ii) “Sales Budget and Production Budget must be properly co-ordinated for better results.” Explain the statement.

**OR**

- (ii) What is Materials Budget? When and why is it prepared? Explain.

- 4** (i) Define a Responsibility Centre and discuss its managerial implications. **10×2=20**

**OR**

- (i) Explain the meaning and need of Multinational Transfer Pricing.
- (ii) What is Cost Management? Discuss briefly its strategies and applications.

**OR**

- (ii) Explain clearly the Life Cycle Costing.

- 5** Write short notes on any **two** of the following : **10×2=20**

- (i) Accounting for Management
- (ii) Differential Costing
- (iii) Master Budget
- (iv) Cost of Quality and Time.