

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

PAPER ID : 270205

Roll No.

--	--	--	--	--	--	--	--	--	--

**MBA**

(SEM.II) THEORY EXAMINATION 2013-14

**MANAGEMENT ACCOUNTING AND CONTROL***Time : 3 Hours**Total Marks : 70***Note :- Attempt all Sections.****SECTION-A**

1. Attempt all parts of this question in 50-75 words : (7×2=14)
  - (a) Define Master Budget.
  - (b) Name any four items which are of purely financial income (i.e. not considered in Cost Sheet).
  - (c) Fixed Cost + Profit = Contribution. Prove it.
  - (d) What do you mean by Angle of Incidence ?
  - (e) Is there is any difference between Cost Sheet and Cost Statement ? Explain.
  - (f) If PVR is 60% what will be the variable cost percentage and why ?
  - (g) Define secondary apportionment.

**SECTION-B**

2. Attempt any three parts of this question in 100-200 words : (7×3=21)
  - (a) The following figures are available from A Ltd. as on 31st March 2012 and 2013 :

	2012	2013
	(Rs. Lac)	(Rs. Lac)
Sales	150	200
Profit	30	50

Calculate :

- (i) P.V. Ratio.
- (ii) Break even level of Sales.
- (iii) Sales required to earn a profit of Rs. 90 lac.
- (iv) Profit or loss that would arise if the sales were Rs. 280.

- (b) Prepare Cost Sheet from the following information for the year ending 31st March, 2013 :

Raw Material	Rs. 15,000
Direct Labour	Rs. 9,000
Machine Hours	900
Machine Hour Rate	Rs. 5
Production	17,100 units
Sales	16,000 units
Selling price per unit	Rs. 4
Selling overheads per unit	50 paise

Office overheads are 20% of works cost.

- (c) Prepare a Flexible Budget for production at 80% and 100% capacity on the basis of following information :

Production at 50% capacity 5000 units

Raw Materials	Rs. 80 per unit
---------------	-----------------

Direct Labour	Rs. 50 per unit
Direct Expenses	Rs. 15 per unit
Factory Expenses	Rs. 50,000 (50% fixed)
Administration Expenses	Rs. 60,000 (60% variable)

- (d) Define Standard Cost. Explain the Advantages and Limitations of Standard Costing.
- (e) Define Budget, Budgeting and Budgetary Control. What are the advantages of Budgetary Control.

### SECTION-C

Note :- Attempt all questions : (7×5=35)

3. A company has Annual Fixed Cost of Rs. 2,52,000. In 2013 sales amounted to Rs. 10,80,000 as compared with Rs. 8,10,000 in 2012 and profit in 2013 was Rs. 75,600 higher than in 2012. Calculate :

- (i) Break even sales for the company
- (ii) Profit/Loss on an estimated sale of Rs. 14,40,000
- (iii) If sales price falls by 10% in 2014 and if the company wants to earn the same amount of profit as in 2013, what should be the sales ?

OR

Define Responsibility Accounting with its Advantages and Limitations.

4. The Standard Labour Cost per unit of product X is :

	Rs.
Grade I – 5 hours	5.00
Grade II – 8 hours	4.00
Grade III– 10 hours	4.00

For 500 units of production, following wage payments were made :

	Rs.
Grade I – 2,400 hours	2,640
Grade II – 6,000 hours	2,700 (1,000 Idle hours)
Grade III– 7,000 hours	2,940 (500 Idle hours)

Calculate different labour variances.

OR

Define and Differentiate Absorption Costing and Marginal Costing :

5. The standard material cost for a normal mix of one tonne of Chemical X is based on :

Chemical	Usage (kg.)	Price per kg.
A	240	6
B	400	12
C	640	10

During a month, 6.25 tonnes of X were produced from :

Chemical	Consumption (Tonnes)	Cost
A	1.6	11,200
B	2.4	30,000
C	4.5	47,250

OR

Management Accounting commences where Cost Accounting ends. Discuss this statement in view of difference between Cost and Management Accounting.

6. Explain Activity Based Costing and how it may provide useful information to managers.

OR

From the following particulars prepare :

- Statement of Profit as per Cost Accounts.
- Profit and Loss Account
- A Reconciliation Statement

Raw Material Consumed	14,600
Wages	23,200
Factory Expenses	22,840

Office Expenses 12,420

Sales 88,400

Works indirect expenses are 100% of wages and office indirect expense are 20% of work cost.

7. In a factory there are three production and two service departments. The distribution summary of factory overheads is as :

Production Departments			Service Departments	
A	B	C	P	Q
1,30,000	1,20,000	1,00,000	24,000	16,250

The expenses of service department are charged to production departments on the basis of services rendered which is as :

	A	B	C	P	Q
Department P	30%	40%	15%	—	15%
Department Q	40%	30%	25%	5%	—

Apportion the expenses of service department to production department by Simultaneous Equation Method.

OR

A Ltd. is producing two products. Availability of labour is a key problem for company from the following, determine optimum sales mix and profit at that level :

Particulars	Product 'X'	Product 'Y'
Maximum Demand (Units)	3,000	1,500
Selling Price Per Unit (Rs.)	15	30
Variable Cost Per Unit (Rs.)	9	15
Labour hours required to produce one Unit	3	6

Maximum Availability of labour 15,000 hours and Fixed costs Rs. 15,000.