MBA.P.II/04.13. 0385

MBA DEGREE (PT) II SEMESTER EXAMINATION APRIL 2013

SMP 2204 MANAGEMENT ACCOUNTING
(2012 Admission)

Time : 3 Hours   Max. Marks: 50

PART A
(Answer ALL questions)

(5 x 2 = 10)

1. Distinguish between 'cost allocation' and 'cost apportionment'.

2. How would you fix up the amount of profit to be transferred to Profit and Loss Account for contracts which are almost complete?

3. What is a cost sheet?

4. List the different types of budget.

5. What is absorption costing?

PART B
(Answer ANY FIVE questions)

(5 x 4 = 20)

6. What are the causes for material price variance?

7. Describe the characteristics of process costing. What conditions favour the use of process costing?

8. What are the requisites for a good method of absorption?

9. What are the benefits that management can obtain from knowing the 'contribution' from its cost units?

10. What is a sales budget? Describe the procedure adopted for making a 'sales forecast'.

11. What is standard costing? Distinguish between 'ideal standard' and 'normal standard'.

12. A worker takes nine hours to complete a job on daily wages and six hours on a scheme of payment by results. His day rate is ₹ 75/- an hour , the material cost of the product is ₹ 40/- and the overheads are recovered at 150% of the total direct wages. Calculate the factory cost of the product under (i) piece work plan (ii) Rowan plan (iii) Halsey plan.

(P.T.O)
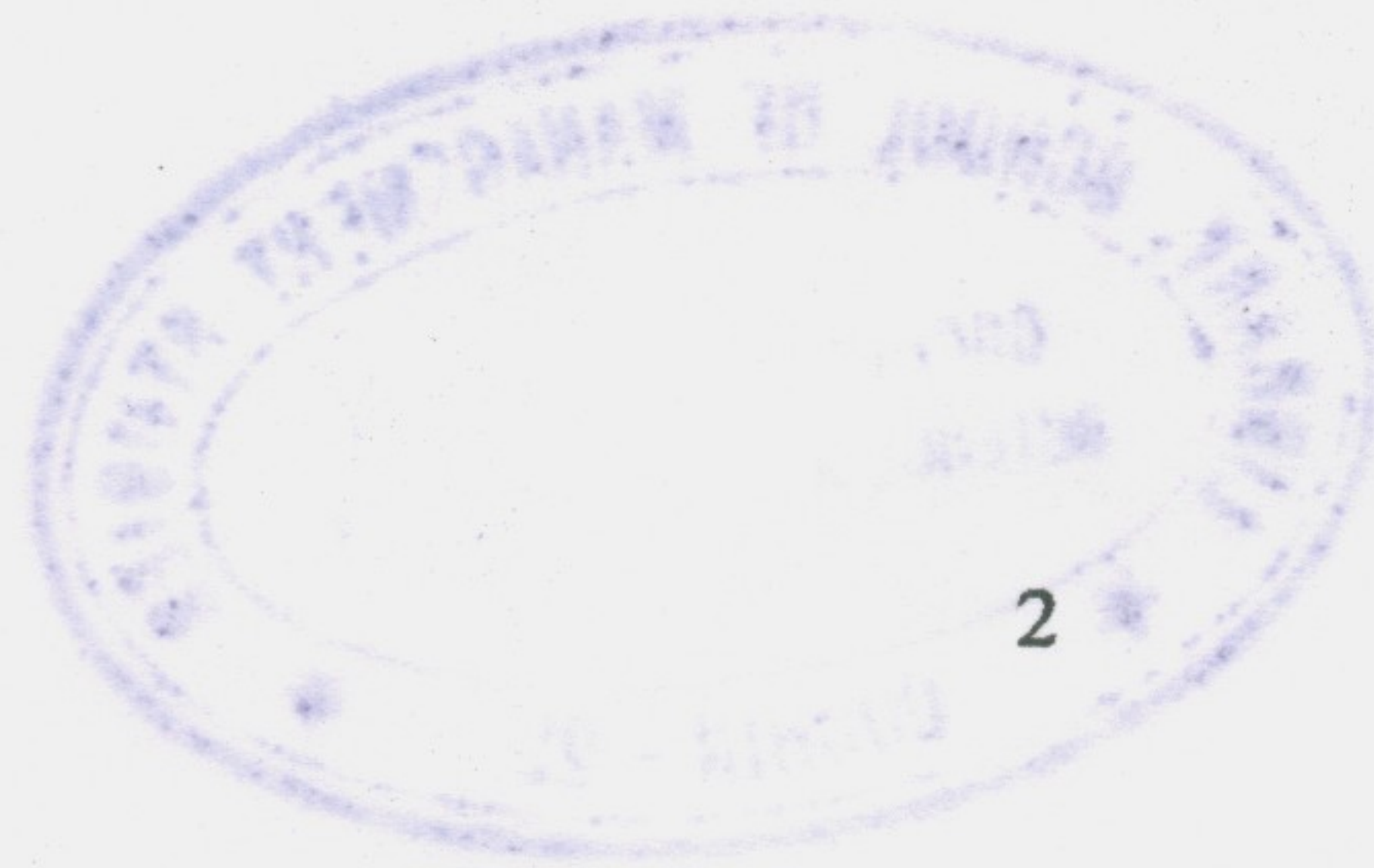
PART C
(Answer *ANY TWO* questions)

(2 x 10 = 20)

13. The following data pertains to a manufacturing company:

Fixed costs per period	₹ 40,000/-
Variable cost per unit	₹ 4/-
Selling price per unit	₹ 8/-

    (i)   Compute the break-even sales in units and in rupees.

    (ii)   Calculate the margin of safety when the production level is 13,000 units.

    (iii)   Find the net income when the sales are 14,000 units.

    (iv)   Compute the sales in units required to produce a net income of ₹ 12,000/-.

    (v)   Calculate the sales in units required to produce a net income of 15% of sales.

    (vi)   Calculate the break-even point in units if variable costs are increased by ₹ 1.50 per unit and if total cost remains unchanged.

    (vii)   Break-even sales to maintain the profit as at present if selling price is reduced by 10%.

14. Compare and contrast management accounting with financial accounting and cost accounting. How does management accounting help in decision making?

15. A product passes through three processes X, Y and Z. The normal wastage of each process is as follows: Process X – 3%, Process Y – 5% and Process Z - 8%.
Wastage of process X was sold at ₹ 0.25 per unit, that of process Y at ₹ 0.50 per unit, and that of process Z at ₹ 1.00 per unit. At the beginning of January 2013, 10,000 units were issued to Process X at a cost of ₹ 1.00 per unit. The other expenses were as follows:

Particulars	Process X	Process Y	Process Z
Sundry materials	₹ 1000	₹ 1500	₹ 500
Labour	₹ 5000	₹ 8000	₹ 6500
Direct expenses	₹ 1050	₹ 1188	₹ 2000
Actual output	₹ 9500 units	₹ 9100 units	₹ 8100 units

Prepare the process accounts, assuming that there were no opening and closing stocks. Also give the abnormal wastage and abnormal gains accounts.

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