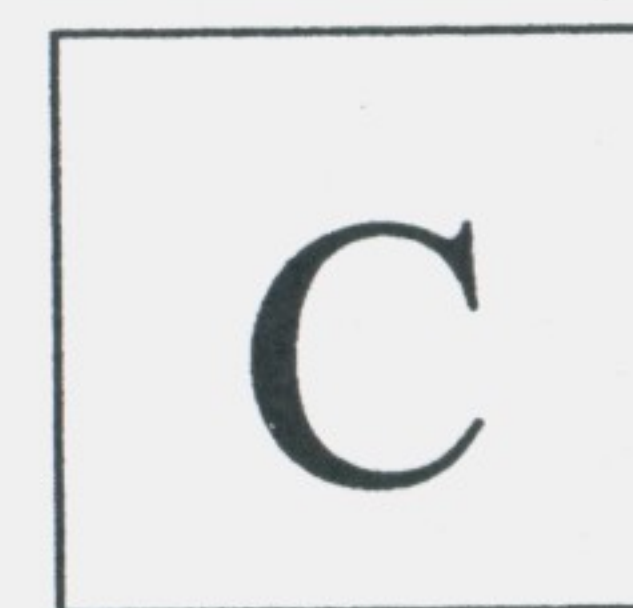


MBA(F)II/05.14 .0526



**MBA (FT) DEGREE II SEMESTER EXAMINATION MAY 2014**

**SMS 2208 MANAGEMENT ACCOUNTING**  
(Supplementary – Prior to 2012 Admissions)

Time: 3 Hours

Maximum Marks: 50

(All questions carry *EQUAL* marks)

(5 x 10 = 50)

I. Define management accounting. Briefly explain the important techniques used in management accounting.

**OR**

II. Following are the particulars of the production of 1,000 calculators of Govind Electronics Ltd. for the month of July 2011;

Cost of materials	₹1,60,000
Wages	₹1,80,000
Manufacturing expenses	₹ 80,000
Salaries	₹ 1,20,000
Rent and insurance	₹ 25,000
Selling expenses	₹ 30,000
General expenses	₹ 20,000
Sales	₹ 6,83,330

The company plans to manufacture 2000 calculators during the month of July 2012. You are required to prepare a cost statement showing the price at which each calculator should be sold so as to earn a profit of 10% on selling price.

The following additional information is supplied to you;

- (a) Price of materials is expected to rise by 20%
- (b) Wage rates are to be increased by 5%.
- (c) All other expenses per unit will remain the same.

III. What is the procedure to purchase materials in a manufacturing company? Also explain any two methods of pricing material issue.

**OR**

IV. Calculate the earnings of a worker from the following informations:

Standard time 30 hours

Time taken 20 hours

Hourly rate of wages is ₹1/- plus a dearness allowance @50 paise per hour worked.

- Use
- (a) Time rate method
  - (b) Piece rate method
  - (c) Halsey plan
  - (d) Rowan plan

(P.T.O.)

V. Write notes on the following:

- (a) Process costing
- (b) Work-in-progress
- (c) Absorption costing
- (d) Abnormal gain

OR

VI. In process B, 75 units of a commodity were transferred from process A at a cost of ₹ 1,310/-. The additional expenses incurred by the process were ₹190/-. In process B, 20% of the units entered are normally lost and sold @₹ 4/- per unit. The output of the process was 70 units.

You are required to prepare process B account and abnormal gain account.

VII. What is variance analysis? Briefly explain how variance analysis helps cost control.

OR

VIII. Assuming that the cost structure and selling prices remain the same during period I and II, find out;

- (a) P/V Ratio
- (b) Fixed cost
- (c) Break even point for sales
- (d) Profits when sales are of ₹ 1,00,000
- (e) Sales required to earn a profit of ₹ 20,000

Period	Sales ₹	Profit ₹
I	1,20,000	9,000
II	1,40,000	13,000

IX. Define budgetary control. Explain the essential requirements to establish an effective budgetary control system.

OR

X. Prepare a cash budget for the three months ended 30<sup>th</sup> September 2012, from the following information;

Cash at bank on 1 <sup>st</sup> July 2012	₹25,000
Monthly salaries (estimated)	₹10,000
Interest payable in August 2012	₹5,000

Estimated	June ₹	July ₹	August ₹	September ₹
Cash sales	1,20,000	1,40,000	1,52,000	1,21,000
Credit sales	1,00,000	80,000	1,40,000	1,20,000
Purchases	1,60,000	1,70,000	2,40,000	1,80,000
Other expenses	18,000	20,000	22,000	21,000

Credit sales are collected 50% in the month of sales and the remaining 50% in the month following.

10% of the purchases are in cash and the balance is paid in the next month.