MBA.II/05.016.0404 Reg.No.

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MBA (PT) DEGREE II SEMESTER EXAMINATION MAY 2016

SMP 2205 MANAGEMENT ACCOUNTING

(Supplementary - Prior to 2012 Admission)

Time : 3 Hours Maximum Marks : 50

(5 × 10 = 50)

I. (a) Define Management Accounting. Distinguish between (i) Management Accounting and Cost Accounting and (ii) Management Accounting and Financial Accounting. (3)

(b) "Management Accounting assists the management in making prudent managerial decisions and hence enables maximizing profits or minimizing losses". Comment on the statement and enumerate the ways in which management accounting assists management. (7)

OR

II. Sterling Enterprises Ltd. furnishes the following information relating to the manufacture of a standard product during the month of April 2014. (10)

Raw materials consumed	₹ 15,000
Direct labour charges	₹ 9,000
Machine hours worked	900
Machine hour rate	₹ 5 per hour
Administration overheads	20 percent on works cost.
Selling overhead	₹ 0.50 per unit
Units produced	17,100
Units sold	16,000 at ₹ 4 per unit

You are required to prepare a cost sheet from the above showing the following :

(i) The cost per unit
(ii) Profit per unit
(iii) Profit for the period.

III. Write short notes on the following. (2+2+6=10)

(i) Idle time and overtime (ii) Halsey and Rowan plans
(iii) Allocation, Apportionment and Absorption of overheads

OR

IV. Excel Ltd. has three production departments (viz. P_1, P_2, and P_3) and one service department (S_1). For the month of April 2014, with 25 working days of 8 hours each day, the details are shown below. (All departments work on all 25 days with full attendance). (10)

Expenses	Total (₹)	S_1 (₹)	P_1 (₹)	P_2 (₹)	P_3 (₹)
Power and Lighting	1100	240	200	300	360
Supervisor's salary	2000	-	-	-	-
Rent	500	-	-	-	-
Welfare	600	-	-	-	-
Others	1200	200	200	400	400
Total	5400				

(P.T.O.)

Calculate the labour hour rate for each of the departments P_1, P_2 and P_3.

V. Write short notes on the following.
(i) Contract costing (ii) Process costing (iii) Equivalent production
(iv) Work certified (v) Joint Products and By-products

OR

VI. (a) The joint cost of producing 40 units of product A, 120 units of product B and 140 units of product C is ₹ 10,000. The selling prices of products A, B and C are ₹ 4, ₹ 6 and ₹ 10 respectively. The products do not require any further processing after split-off point. You are required to apportion the joint cost on (i) Sales price basis and (ii) Sales value basis. (5)

(b) ABC Ltd. manufacturers two products A and B and sells them at ₹ 5 and ₹ 4 per unit respectively. During a particular period, 400 units of A and 500 units of B were produced and sold. The joint cost incurred was ₹ 180, and further processing costs for products A and B were ₹ 1600 and ₹ 1500 respectively. Apportion the joint cost. (5)

VII. Write short notes on the following.
(i) Concept of CVP analysis and the major assumptions underlying it. (4)
(ii) Marginal costing Vs. Absorption costing. (3)
(iii) Variance analysis and its use in cost control. (3)

OR

VIII. (a) From the following data, which product would you recommend to be produced in a factory, time being the key factor? (4)

Particulars	Per unit of Product X	Per unit of product Y
Direct material	24	14
Direct labour at ₹ 1 per hour	2	3
Variable overhead at ₹ 2 per hour	4	6
Selling Price (₹)	100	110
Standard Time to Produce	2 hours	3 hours

(b) The standard material required to manufacture one unit of Product A is 5 kgs and the standard price per kg of materials is ₹ 3. The records available with the cost and management accountant of the company, however, show that 16,000 kgs. of material costing ₹ 52000 have been used for producing 3000 units of product A. Calculate the material cost variance and its two components. Reconcile these. (6)

(Contd..3)

Particulars	S_1 (₹)	P_1 (₹)	P_2 (₹)	P_3 (₹)
Supervisor's salary	20 percent	30 percent	30 percent	20 percent
Number of workers	10	30	40	20
Floor area in sq. meters	500	600	800	600
Service rendered by S_1 to P_1, P_2 and P_3	--	50 percent	30 percent	20 percent

Calculate the labour hour rate for each of the departments P_1, P_2 and P_3.

(5 × 2 = 10)

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(iv) Work certified (v) Joint Products and By-products

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IX. Write short notes on the following.

(i) Zero-based budgeting (ii) Flexible Budget (iii) Master Budget

(iv) Relevance and usefulness of an effective budgetary control system. (3×2+4=10)

OR

X. (a) From the following particulars prepare the Cash Budget for the period July to October 2014 for an computer parts, manufacturing company, Diligent Systems (P) Ltd.

Expected Sales (₹)		Expected Sales (₹)	
July 2014	90,000.00	July 2014	45,000.00
August 2014	65,000.00	August 2014	40,000.00
September 2014	70,000.00	September 2014	50,000.00
October 2014	40,000.00	October 2014	30,000.00

- Wages to be paid to workers is ₹ 5,000.00 each month. Balance at the bank as on 1st July 2014 is ₹ 10,000.00 (7)

(b) 'Cost audit is different from Financial audit in the Indian context". Elucidate. (3)

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