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MBA

THEORY EXAMINATION (SEM-II) 2016-17
COST AND MANAGEMENT ACCOUNTING

Time : 3 Hours**Max. Marks : 100****Note : Be precise in your answer. In case of numerical problem assume data wherever not provided.****SECTION – A****1. Explain the following:****10 x 2 = 20**

- (a) Investment center
- (b) Production budget
- (c) Prime cost
- (d) Cost accounting
- (e) Indirect expenses
- (f) Historical cost
- (g) Differential costing
- (h) Estimated cost
- (i) Transfer pricing
- (j) Value chain analysis

SECTION – B**2. Attempt any five of the following questions:****5 x 10 = 50**

- (a) Discuss the features of management accounting. Also state the importance of management accounting.
- (b) Why is there a need for reconciliation of cost and financial accounting? What are the causes for the difference between the two set of books?
- (c) Draw a flexible budget for overhead expenses of the basis of the following data and determine the overheads rates at 90%. Indirect labor 12000, indirect material 4000, power (30% fixed, 70% variable) 20000, repairs (60% fixed, 40% variable) 2000, depreciation 11000, insurance 3000, others 10000, total overheads 62000, estimated direct labor hours 124000 hours.
- (d) What is master budget? Explain the various steps of master budget? Explain the concept of zero based costing.
- (e) Highlight the importance of cost- volume analysis. Explain its applications.
- (f) "Responsibility accounting is not only a control device but also helpful in decision making". Comment.
- (g) Differentiate between marginal costing and differential cost analysis. Give suitable examples.
- (h) Mention the conditions of an effective system of standard costing

SECTION – C**Attempt any two of the following questions:****2 x 15 = 30**

- 3. Explain the various labor variances with its applications.
- 4. What is budgeting? Explain the various types of budgeting? Differentiate between fixed and flexible budgeting
- 5. Unit selling price Rs. 10 per unit, variable manufacturing cost Rs. 5.50 per unit, variable selling cost Rs. 1.50, fixed factory expenses Rs. 270000 and selling overhead Rs. 126000
 - (i) How many units are needed to be sold to breakeven?
 - (ii) How many sales volume is required to earn a profit of Rs. 30000?
 - (iii) How many units are to be sold to earn a profit of 20% on sales?
 - (iv) How much profit is earned at sales of Rs. 2000000?