

Reg. No. :

Code No. : 7507

**Sub. Code : KBAM 12/
PBAM 12**

**M.B.A. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2020.**

First Semester

Business Administration — Main

ACCOUNTING FOR MANAGEMENT

(For those who joined in July 2016 and afterwards)

Time : Three hours

Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Profit and loss account starts with
 - (a) Net profit
 - (b) Net loss
 - (c) Gross profit
 - (d) Operating profit
2. Estimated sale value of the asset at the end of its economic life is known as _____.
 - (a) Purchase value
 - (b) Market value
 - (c) Written down value
 - (d) Residual value

3. Cost incurred is identified with
(a) Each executive (b) Each unit of output
(c) Each month (d) None of these
4. If the total of production cost is Rs. 80,000 and 20% of sale price is the profit to be added what is the profit?
(a) Rs. 24,000 (b) Rs. 20,000
(c) Rs. 12,000 (d) Rs. 16,000
5. A budget is a plan of action expressed in _____
(a) Financial terms (b) Non-financial terms
(c) Both (d) Subjective matter
6. The main objective of budgetary control is _____
(a) To define the goal of the firm
(b) To coordinate different departments
(c) To plan to achieve its goals
(d) All of the above
7. When actual price is higher or lower than the standard price, then it is
(a) Sales price variance
(b) Sales volume variance
(c) Sales mix variance
(d) Sales quantity variance

8. If the actual output is more than the budgeted output, volume variance is
- (a) Favourable (b) Non-favourable
 - (c) No impact (d) None of the above
9. Target price is subtracted from per unit target operating income to calculate
- (a) Total current full cost
 - (b) Total cost per unit
 - (c) Target operating income per unit
 - (d) Target cost per unit
10. Painting the product would be an example of which activity level groups
- (a) Facility-level activity
 - (b) Product-level activity
 - (c) Unit-level activity
 - (d) Batch-level activity

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 250 words.

11. (a) What are final accounts? Explain.

Or

(b) Prepare a trial balance of Shri. Babu as on March, 31, 2019.

	Rs.		Rs.
Capital	9,20,000	Buildings	7,00,000
Creditors	1,88,520	Machinery	1,20,000
Bills payable	69,300	Furniture	16,400
Sales	12,18,500	Debtors	1,56,000
Provision for		Opening stock	1,50,400
Doubtful debts	13,200	Cash in hand	9,880
Interest (Cr.)	3,400	Insurance	7,830
Cash at Bank	1,45,340	Bad debts	6,130
Bills		Travelling	
Receivable	58,440	expenses	3,250
Purchases	8,55,220	Audit fees	4,000
Carriage		Discounts (Dr.)	6,200
inwards	12,910	Investments	89,220
Carriage			
outwards	8,000		
General			
expenses	60,850		
Sales Returns	2,850		

12. (a) Briefly explain the elements of cost sheet.

Or

- (b) Calculate works cost or factory cost from the following details :

Raw material consumed = Rs. 50,000

Direct wages = Rs. 20,000

Direct expenses = Rs. 10,000

Factory expenses 80% of direct wages

Opening stock of work in progress = Rs.15,000

Closing stock of work in progress = Rs. 21,000

13. (a) What is budgetary control? Explain its purposes.

Or

- (b) What is meant by pay-back period? State its merits and demerits.

14. (a) Explain the objectives of standard costing.

Or

- (b) From the following particulars, find the

- (i) Material Cost Variance
- (ii) Material Usage Variance, and
- (iii) Material price Variance.

Quantity of Material purchased 3,000 units

Value of material purchased Rs. 9,000

Standard quantity of material required per
ton of finished product 25 units

Standard rate of material Rs. 2 per unit

Opening stock of material Nil

Closing stock of material 500 units

Finished production during the period
80 tones

15. (a) Describe the procedure involved in target costing.

Or

- (b) Bring out the importance of Life Style Costing.

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b).

Each answer should not exceed 600 words.

16. (a) What are the different methods of depreciation? Explain.

Or

- (b) From the following Trial Balance, prepare final accounts for the year ended 31st December 2005 :

	Debit	Credit
	Rs.	Rs.
Capital and drawings	1,700	20,000
Purchases and sales	2,000	4,200
Debtors and Creditors	3,600	2,600
Bill payable	—	2,350
Plant and Machinery	12,000	
Horses and Carts	2,600	

	Debit	Credit
	Rs.	Rs.
Wages	800	
Cash at Bank	2,600	
Salaries	800	
Repairs	190	
Stock (opening)	1,600	
Rent	450	
Manufacturing expenses	150	
Bad debts	500	
Carriage	160	
	<hr/>	<hr/>
	29,150	29,150
	<hr/>	<hr/>

Adjustments :

- (i) Closing stock Rs. 1,600
- (ii) Depreciation — Plant and Machinery 10%, Horses and Carts 15%
- (iii) Rs. 150 is due for wages
- (iv) Paid rent Rs. 50 in advance.

17. (a) Describe the various cost accounting systems.

Or

- (b) M/S. Indu Industries Ltd. are the manufactures of Moonlight Torches. The following data relate to manufacture of torches during the month of March 2019.

Raw materials consumed Rs. 20,000

Direct wages Rs. 12,000

Machine hours worked 9,500 hours

Machine hour rate Rs. 2

Office overheads 20% of works cost

Selling overheads 50 paise per unit

Units produced 20,000 units

Units sold 18,000 @ Rs. 5 per unit

Prepare cost sheet showing the cost and the profit per unit and the profit earned.

18. (a) Discuss the important methods of capital budgeting.

Or

- (b) The expenses for the budgeted production of 10,000 units in a factory are furnished below :

	Per Unit
	Rs.
Material	70
Variable cost	25
Labour	20
Fixed cost (1,00,000)	10
Variable expenses	5
Selling expenses (10% fixed)	13
Distribution expenses (20% fixed)	7
Administration expenses	5
	<hr/>
	155
	<hr/>

Prepare a budget for the production of :

- (i) 6,000 units
(ii) 8,000 units

19. (a) Briefly explain the various types of sales and profit variances.

Or

- (b) Calculate the labour variance from the following information :

Standard Wages :

Grade X : 90 Labourers at Rs 2 per hour

Grade Y : 60 Labourers at Rs 3 per hour

Actual wages :

Grade X : 60 Labourers Rs 2.50 per hour

Grade Y : 70 Labourers Rs 2.00 per hour

Budgeted Hours 1,000 Actual Hours 900.

Budgeted Gross production 5,000 units,

Standard Loss 20% ; Actual loss 900 units.

20. (a) What are the advantages and disadvantages of target costing?

Or

- (b) Briefly explain the steps involved in activity based costing.
