(8 pages) **Reg. No. :** ....

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M.B.A. (CBCS) DEGREE EXAMINATION, NOVEMBER 2015.

First Semester

Business Administration

MANAGEMENT ACCOUNTING

(For those who joined in July 2012 and afterwards)

Time : Three hours Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. The book of original entry is called as

   (a) Trial balance (b) Ledger

   (c) Journal (d) Subsidiary books

2. "Post-Mortem financial information" pataining to

   (a) Financial a/c (b) Cost a/c

   (c) Management a/c (d) None

3. E stocks of finished goods adjusted with

   (a) Prime cost (b) Works cost

   (c) Cost of production (d) Cost of goods sold

4. If P/V ratio is 20%, the BEP is Rs. 25,000 then the fixed cost is

   (a) 5,000 (b) 50,000

   (c) 1,00,000 (d) 20,000

5. Estimated production is calculated by

   (a) S + O – C (b) S + C – O

   (c) S – O – C (d) S + O + C

6. In a selling overheads Rs. 3,000 (25% varying) mean, then the fixed overhead is

   (a) Rs. 750 (b) Rs. 2,250

   (c) Rs. 1,000 (d) Rs. 12,000

7. Initial investment dividend by average cash flow is known as

   (a) IRR (b) NPV

   (c) PVI (d) Pay-back period

8. A standard which is established for use unaltered over a long period is ————.

   (a) Ideal (b) Expected

   (c) Basic (d) Normal

9. Material mix variance is a part of ———— variance.

(a) Cost (b) Price

(c) Usage (d) Yield

10. The variance which arises due to lack of proper supervisor is

(a) Labour mix variance

(b) Labour cost variance

(c) Labour rate variance

(d) Labour efficiency variance

PART B — (5 × 5 = 25 marks)

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

Each answer should not exceed 250 words.

11. (a) Distinguish between trading a/c and P & L a/c.

Or

(b) Draw an Proforma Income Statement and calculate EPS with an example.

12. (a) Distinguish between job costing and process costing.

Or

(b) Draw a cost sheet and incorporate the following adjustments.

	Op. Stock	Cl. Stock
Raw materials	XXX	XXX
Work-in-progress	XXX	XXX
Finished goods	XXX	XXX

13. (a) What is ZBB? Explain the process of Zero Base Budgeting.

Or

(b) The sales director expects to sell 50,000 units of particular products.

The production manager estimates the following.

Two kinds of raw-materials A and B are required for manufacturing the product. Each unit of the product requires 2 units of A and B units of B. The estimated opening balances are :

Finished products		: 10,000 units
Raw materials	A	: 12,000 units
	B	: 15,000 units

Desired closing stock :

Finished products		: 14,000 units
Raw-materials	A	: 13,000 units
	B	: 16,000 units

Prepare production budget.

14. (a) Product X requires 20 kg of material at Rs. 4 per k.g. The actual consumption of material for the manufacturing of product X came to 2.4 k.g of material at Rs. 4.50 per k.g. Calculate

(i) MCV

(ii) MPV

(iii) MUV.

Or

(b) What is standard costing? Explain different types of standards.

15. (a) Explain the benefits of Tanget costing.

Or

(b) Write a note on Life cycle costing.

PART C — (5 × 8 = 40 marks)

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

Each answer should not exceed 600 words.

16. (a) After taking into account the following adjustments, prepare trading, profit and loss a/c and balance sheet from the following information :

(i) Closing stock at the year end was Rs. 30,000.

(ii) Create 4% provision for discount on debtors.

Particulars	Rs.	Particulars	Rs.
Opening stock	5,000	Capital	25,000
Machinery	25,000	Purchase returns	3,000
Purchases	50,000	Bills payable	10,000
Sales return	3,000	Sales	1,50,000
Wages	12,000	Sundry creditors	6,000
Salaries	4,000	Provision for discount on debtors	1,000
Office rent	10,000		
Insurance	5,000		
Sundry debtors	20,000		
Cash	55,000		
Bank balance	6,000		
	1,95,000		1,95,000

Or

(b) What are the general purpose of accounting standard as described in accounting standard rules?

17. (a) How can costs be classified based on its behaviour? Explain with diagrams.

Or

(b) Examine the criteria for allocation of common cost.

18. (a) An interesting project is being considered by M Limited. The project will require on investment of Rs. 6,00,000 in equipment that is expected to have a useful life of 8 years with no salvage value. The total earning after depreciation 2 before income tax from this project during its life has been estimated Rupees 16,00,000. Income tax is estimated at 40% of income before tax. A minimum rate of return objective has been estimated at 15%. Comment on profitability of the project by analyzing company's ARR.

Or

(b) A firm is considering the acquisition of equipment costing Rs. 4,50,000. The equipment expected to have a useful life of 5 years. Before considering the effect of depreciation the annual cash flow returns after income tax from the use of this equipment are estimated at Rs. 1,60,000. The company has a cut-off rate of 10%. Calculate discount pay-back period.

19. (a) Calculate

(i) Material usage variance

(ii) Material mix variance

(iii) Material revised usage variance.

	Standard		Actual	
Material	Qty (kg)	Price (Rs.)	Qty (kg)	Price (Rs.)
EXX	70	5	80	4
YA	30	6	40	7

Or

(b) From the following particulars find out :

(i) P/V ratio.

(ii) Break-even-point.

(iii) Margin of safety.

Variable cost per unit – Rs. 15.

Fixed cost – Rs. 9 per unit.

Sales (Units) – 10,000.

The selling price is fixed to yield 25% on cost.

20. (a) What is ABC system? State characteristics and steps to develop ABC system.

Or

(b) Elucidate the uses of product life cycle costing.
