

(Following Paper ID and Roll No. to be filled in your Answer Books)

**PAPER ID :**

**Roll No.**

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**M.B.A.(TM)**

**Theory Examination (Semester-II) 2015-16**

**COST & MANAGEMENT ACCOUNTING**

**Time : 3 Hours**

**Max. Marks : 100**

**SECTION A**

**1. Attempt all parts of the following: (max 30 words)**

**(2x10 = 20 Marks)**

- Explain with example Contract Costing
- Define Target Costing
- Give any two differences between Absorption and Marginal costing
- What do you mean by reconciliation of cost and management Accounting?
- Define Margin of safety
- Differentiate between product and period costs
- Differentiate between cost centre and investment centre
- Define Cash Budget
- Explain the assumptions of CVP analysis
- Define standard costing

**SECTION B**

**2. Attempt any five of the following: (maximum 300 -350 words)**

**(10x5 = 50 Marks)**

- "Management Accounting has been evolved to meet the needs of management". Discuss the statement. Also distinguish Management Accounting from financial accounting
- State the important ways of Classification of costs and discuss each one of them in detail
- "Budgeting is a managerial technique of Planning and control and is vital to the health of an organization" In light of the given statement discuss the advantages of budgetary control in an organization. What do you think are the essentials of an effective budgetary control system.
- Define Transfer pricing. Discuss the objectives of transfer pricing. Also discuss the methods of transfer pricing.
- What is responsibility accounting? Discuss its significance in divisional performance measurement. Discuss the various types of responsibility centres.
- What is the significance of the term variance relating to standard costing? What types of variances are computed for (i)Material (ii) Labour (iii) Overheads.
- What do you understand by Break even Analysis? Explain in detail how break even point is calculated.
- Define Zero Based Budgeting..Discuss the advantages and disadvantages of Zero Based Budgeting.

**SECTION C**

**Attempt any two of the following:**

**(2x15 = 30 Marks)**

**3. From the following data Prepare a Cash Budget for the months May to July:**

Month	Sales	Purchases	Wages	Manufacturing Expenses	Administrative expenses	Selling Expenses
March	60,000	36000	9000	3500	2000	4000
April	62,000	38000	8000	3750	1500	5000
May	64,000	33000	10000	4000	2500	4500
June	58,000	35000	8500	3750	2000	3500
July	56,000	39000	9500	5000	1000	3500
Aug	60,000	34000	8000	5200	1500	4500

Following additional information is available:

- i. Plant Costing Rs 16,000 is due for delivery in July payable 10% on delivery and balance after 3 months
- ii. Advance Tax of Rs 8000 is payable in March and June each
- iii. Credit period allowed by suppliers 2 months
- iv. Credit period allowed to customers one month
- v. Delay in payment of wages is one month
- vi. Delay in payment of all other expenses is one month.
- vii. Cash balance on 1<sup>st</sup> May : 8000

4. Prepare a cost sheet for ABC Ltd given the following details:

Opening Stock of Raw Material	50,000
Closing Stock of Raw Material	80,000
Purchase of Raw Material	1,70,000
Carriage inwards	10,000
Direct wages	1,50,000
Unproductive wages	20,000
Chargeable expenses	30,000
Rent and Rates – Factory	10,000
Rent and Rates – Office	1000
Stationary used in factory	1000
Depreciation of Plant	3000
Depreciation of office furniture	200
Office salaries	5000
Salesman Salaries	4000
Other office expenses	1800
Other factory expenses	11,400
Director's Remuneration	24,000
Repairs of delivery van	2000
Travelling expenses	2200
Carriage outwards	2000
Sales	5,00,000
Advertisement	4000
Provision for doubtful debts	30,000

5. From the following data calculate the following Material Variance:

- i. Material Cost Variance
- ii. Material Price Variance
- iii. Material Usage Variance
- iv. Material mix variance
- v. Material revised usage variance

Name of Material	Standard		Actual	
	Quantity (units)	Price (RS)	Quantity (units)	Price (RS)
X	3500	20	3700	18
Y	1500	22	1650	20
Z	1000	30	1250	32