Printed Pages : 7

NMBA026

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

PAPER ID : 270229

Roll No. | | | | | | | | | | |

M. B. A.

(SEM. II) THEORY EXAMINATION, 2014-15

COST & MANAGEMENT ACCOUNTING

Time : **3** Hours] [Total Marks : **100**

SECTION-A

1 Attempt any four questions : [5×4=20]

(a) Explain allocation and apportionment of overheads.

(b) What is contribution, also explain its uses for management.

(c) What is the role of cost in decision-making ?

(d) Draw a break-even chart with imaginary values.

(e) What is variance ? State various types of variances.

(f) Explain Activity Based Costing.

SECTION-B

2 Attempt any two questions from this section : [15×2=30]

(a) The directors of a manufacturing business require a statement showing the production results of the business for the month of March, 2013. The cost accounts reveal the following information:

	Rs.
Stock on hand 1st March, 2013	
Raw material	25,000
Finished goods	17,360
Stock on hand, 31st March, 2013	
Raw material	26,250
Finished goods	15,750
Purchase of raw materials	21,900
Work-in-progress, 1st March 2013	8,220
Work-in-progress 31st March 2013	9,100
Sale of finished goods	72,310
Direct wages	17,150
Non-productive wages	830
Works expenses	8,340
Office and administrative expenses	3,160
Selling and distributive expenses	4,210

You are required to construct the cost sheet statement so as to show (a) the value of materials consumed; (b) the total cost of production; (c) the cost of goods sold; (d) the gross profit on goods sold and (e) the net profit for the month.

(b) The net profit of Urvashi Manufacturing Co. Ltd. appeared at Rs.1,12,921 as per financial records for the year ended 31st March, 2013. The cost books, however, showed net profit of Rs.1,50,850 for the same period. A scrutiny of the figures from both the sets of accounts revealed the following facts:-

	Rs.
Work overheads under-recovered in costs	2,730
Administrative overheads over-recovered in cost	1,488
Depreciation Charged in financial accounts	9,800
Depreciation recovered in costs	10,938
Interest on investments not included in cost	7,000
Loss due to obsolescence charged in financial accounts	4,980
Income-tax provided in financial accounts	35,000
Bank interest and transfer fees in financial books	650
Stores adjustments (credit in financial books)	415
Loss due to depreciation in stock values (charged in financial accounts)	5,910

Prepare a statement showing the reconciliation between the figures of net profit as per cost accounts and the figure of net profit shown in the financial books.

(c) The standard cost of a chemical mixture is as under:

8 tons of material A at Rs.40 per ton.

12 tons of material B at Rs.60 per ton.

Standard yield is 90% of input.

Actual cost for a period is as under:

10 tons of material A at Rs. 30 per ton.

20 tons of material B at Rs.68 per ton.

Actual yield is 26.5 tons.

Compute : (a) Materials Cost variance,

(b) Materials Usage variance,

(c) Materials Price variance,

(d) Materials Mix variance,

(e) Materials Yield variance.

Section-C

Attempt all questions : $5 \times 10 = 50$

3 What is meant by cost center? What are the different types of cost centre? What purpose do cost centre serve ?

OR

"According to the nature and the information needs of management cost may be classified in a variety of ways". Explain the statement giving classification of cost required for different purposes.

4 What do you understand by Marginal and Absorption costing ? Compare and contrast between these two methods of costing.

OR

4 A factory produces 24,000 units. The cost sheet gives the following information:

	Rs.
Direct Materials	1,20,000
Direct wages	84,000
Variable overheads	48,000
Semi-Variable overheads	28,000
Fixed overheads	80,000
Total cost	3,60,000

The product is sold at Rs.20 per unit.

The management proposes to increase the production by 3,000 units for sale in the foreign market. It is estimated that the semi-variable overheads will increase by Rs.1,000. But the product will be sold at Rs.14 per unit in the foreign market. However, no additional capital expenditure will be incurred. The management seeks your advice as a cost accountant. What will you advise them ?

5 What is differential costing? State the major applications of differential costing in decision making by managers.

OR

What do you understand by budget and budgetary control ? What are advantages of budgetary control system ?

6 What is meant by standard costing? Explain its uses and limitations.

OR

What is Target Costing? Discuss various steps that are required to install a comprehensive target costing approach in an organization.

7 'Responsibility Accounting is an important device for control'. – Discuss.

OR

What is transfer price ? What are the different types of transfer price and also discuss appropriateness of transfer price under different circumstances.