

23702

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MBA II Sem. (Main) Exam., May - 2019
M – 202 Cost Accounting for Management

Time: 3 Hours

Maximum Marks: 70
Min. Passing Marks: 28

Instructions to Candidates:

- (i) *The question paper is divided in two sections.*
- (ii) *There are sections A & B. Section A contains 6 questions out of which the candidate is required to attempt any 4 questions. Section B contains short case study / application based 1 question which is compulsory.*
- (iii) *All questions carry equal marks.*

1. NIL

2. NIL

SECTION – A

Q.1 (a) "Cost management is a system of foresight and not a post –mortem examination, it turns losses into profits, speeds up activities and eliminates waster." Discuss the statement. [10]

(b) Differentiate between Financial Accounting and Cost Accounting. [4]

Q.2 (a) What do you understand about by "Absorption of overhead"? Differentiate between absorption and apportionment of overheads. [7]

(b) What do you mean by Machine Hour Rate? Give its merits and demerits. [7]

Q.3 (a) Explain the meaning of Marginal Costing. Give its advantages and limitations. [4]

(b) The following data are given for Shyam Ltd. : [10]

Sales (8,000 units) : ₹ 3,20,000

Variable cost : ₹ 30 per unit

Fixed cost : ₹ 60,000

Prepare Marginal cost statement and calculate the following :

(i) P/V Ratio

(ii) Sales for 40% P/V Ratio ;

(iii) Break even sales in value ;

(iv) Contribution, Profit and variable costs at sales value of ₹ 2,56,000 ;

(v) If selling price is reduced to ₹ 32 the new sales volume to offset this price reduction

Q.4 (a) Write short notes on : - [8]

(i) Management Audit

(ii) Cost Drivers

(iii) Key Factor

(iv) Angle of Incidence

(b) What do you mean by ABC? Describe the steps involved in cost analysis under ABC [6]

Q.5 (a) Write short notes on :

[7]

(i) Accounting Standard 17

(ii) Balanced Score Card

(iii) Cost Control

(b) What do you mean by target costing? Explain its principles. Explain your answer with suitable example.

[7]

Q.6 A chemical industry provides the following information for making 10 units of chemical :-

[14]

Material A 8 kgs @ ₹ 6 per kg

Material B 4 kgs @ ₹ 4 per kg

During the month of April 1,000 units of chemical was produced for which actual consumption was as under :

Material A 750 kgs @ ₹ 7 per kg

Material B 500 kgs @ ₹ 5 per kg

Calculate all possible Material variances.

SECTION – B

Q.7 Case Study-

X Ltd. a newly established company wishes to prepare cash budget from April to September 2019. Prepare cash budget for six months from the following estimated revenue and expenses : [14]

Months for the year	Total Sales	Material	Wages	Overheads	
				Production	Selling & Distribution
	₹	₹	₹	₹	₹
April	20,000	20,000	4,000	3,200	800
May	22,000	14,000	4,400	3,300	900
June	28,000	14,000	4,600	3,400	900
July	36,000	22,000	4,600	3,500	1,000
August	30,000	20,000	4,000	3,200	900
September	40,000	25,000	5,000	3,600	1,200

Cash balance on 1st April 2019 is expected ₹ 10,000. A new Machinery is to be installed at ₹ 20,000 on credit to be repaid by two equal installments in June and July 2019. Sales commission @ 5% on total sales is to be paid within a month following actual sales.

₹ 10,000 being the amount of second call may be received in the month of June 2019;

Share premium amounting to ₹ 2000 is also obtainable with the second call.

- (a) Period of credit allowed : by suppliers – 2 months ; to customers – 1 month.
- (b) Lag in payment of : overheads – 1 month ; wages - ½ month.
- (c) Assume cash sales to be 50% of total sales.