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

Paper ID : 270229 Roll No. ☐☐☐☐☐☐☐☐☐☐

M.B.A.

Theory Examination (Semester-II) 2015-16

COST & MANAGEMENT ACCOUNTING

Time : 3 Hours *Max. Marks : 100*

Section-A

1. **Answer the following questions not more than 30 words each.** (2×10 = 20)

   (a) Define zero based budgeting.

   (b) What is multi product pricing?

   (c) What is value chain analysis?

   (d) What is meant by transfer pricing?

   (e) Enumerate two applications of marginal costing.

   (f) What are the various elements of cost?

   (g) Differentiate between Fixed cost and sunk cost

(h) What is marginal cost?

(i) Differentiate between profit center and investment center.

(j) What is cost volume profit analysis?

Section-B

2. **Attempt any five parts from this section.** (10×5 = 50)

(a) 'Management accounting commences where cost accounting ends'. Discuss this statement in view of difference between cost and management accounting.

(b) Elaborate the steps involved in activity based costing.

(c) What is budgetary control? Also enumerate the various budgets prepared by firms.

(d) Discuss the concept and various approached of responsibility accounting.

(e) A company has earned a contribution of Rs. 300000 and net profit of Rs. 250000 on a sale of Rs. 900000. What is margin of safety?

(f) 'All cost are variable in the long run'. Discuss in view of the importance of the cost classification based on the variability in relation to the level of activity.

(g) Sale of a product amounts to 200 units per month at Rs.10 per unit. Fixed overhead is Rs. 2 per month and variable cost Rs.6 per unit. There is a proposal to reduce prices by 10 percents. Calculate present and future P/V ratio.

(h) What are the characteristics of an ideal costing system?

Section-C

Attempt any two parts from this section. (15×2 = 30)

3. The ratio of variable cost to sales is 70 percent. The breakeven point occurs at 60 percent of the capacity sales. Find the capacity sales when fixed costs are Rs. 90000. Also compute profit at 75 percent of the capacity sales.

4. Given the cost standards for materials consumption are 40kgs at Rs.10 per kg. Compare the variance when actual are:

(a) 48 kgs at Rs.10 per kg.

(b) 40 kgs at Rs. 12 per kg.

(c) 48 kgs at Rs. 12 per kg.

(d) 36 kgs for a total cost of Rs. 360

5. Prepare income statement under absorption costing and under marginal costing from the following:

   Fixed cost: Rs. 3500000, variable cost: Rs. 200 per unit, Production: 10000 units, Sales: 7000 units @ Rs. 800 per unit. Closing stock: 3000 units.