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Printed Pages : 3 **MBA – 211**

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

PAPER ID : 7062 Roll No.

M. B. A.

(SEM. II) EXAMINATION, 2006-07

MANAGEMENT ACCOUNTING

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

Note : *(1) Attempt **all** questions.*

*(2) All questions are of **equal** value.*

1 Attempt any **four** of the following : **5×4=20**

(i) Explain the role of cost in decision making.

(ii) What is P/V ratio? Give its advantages.

(iii) How is Zero Based Budget different from traditional budget?

(iv) Explain clearly the concept of Standard Costs.

(v) Elaborate the meaning and significance of investment centre.

(vi) List out the distinctive features of Activity Based Costing.

2 (i) What is Cost Sheet? Prepare a Cost Sheet using imaginary figures. **10×2=20**

OR

(i) 'Incremental Costing is useful in many situations." Elaborate the statement.

(ii) The following information is available from the books of New Manufacturing Company Ltd.

	Rs.	Rs.
Sales		10,00,000
Variable Costs –		
Direct Materials	3,00,000	
Direct Labour	3,00,000	
Factory Overhead	80,000	
Marketing Expenses	70,000	
Admin. Expenses	50,000	***8,00,000***
Contribution		***2,00,000***
Fixed Costs –		
Factory Overhead	50,000	
Marketing Expenses	30,000	
Admin. Expenses	20,000	***1,00,000***
Net Profit		***1,00,000***

You are required to compute the Break-even Point. A proposal has been made to increase fixed costs by Rs. 10,000, sales and variable costs remaining unchanged. Also compute the new Break-even Point.

OR

2 "Flexible Budgeting is more realistic in evaluating performance." Critically examine the statement in the light of Static and Flexible Budgeting.

3 (i) From the following information, you are required to calculate – (a) Material Price Variance, and (b) Material Usage Variance. **10×2**

Quantity of Material Purchased – 3,000 units

Value of Material Purchased – Rs. 9,000

Standard Quantity of Material required for one tonne of Finished Product – 25 units Standard Rate of Material – Rs. 2 per unit, Opening Stock of Material – Nil, Closing Stock of Material – 500 units, Finished Production during the period – 80 tonnes.

OR

(i) Discuss briefly the advantages and limitations of Budgetary Control.

(ii) "Sales Budget and Production Budget must be properly co-ordinated for better results." Explain the statement.

OR

(ii) What is Materials Budget? When and why is it prepared? Explain.

4 (i) Define a Responsibility Centre and discuss its managerial implications. **10×2=20**

OR

(i) Explain the meaning and need of Multinational Transfer Pricing.

(ii) What is Cost Management? Discuss briefly its strategies and applications.

OR

(ii) Explain clearly the Life Cycle Costing.

5 Write short notes on any **two** of the following : **10×2=20**

(i) Accounting for Management

(ii) Differential Costing

(iii) Master Budget

(iv) Cost of Quality and Time.