

M.B.A. DEGREE (FT) II SEMESTER EXAMINATION, MAY 2006

MANAGEMENT ACCOUNTING

Time: 3 Hours

Maximum marks : 50

(Answer ALL questions)
(All questions carry EQUAL marks)

- I A. Define Management Accounting and bring out its features. Also explain how management accounting is different from financial accounting.

OR

- B. The following figures have been extracted from the books of ABC Ltd. for the year ending 31st March, 1999

	Rs.
Direct materials	70,000
Direct wages	75,000
Indirect wages	10,000
Other direct expenses	15,000
Factory rent and rates	5,000
Office rent and rates	500
Indirect materials	500
Depreciation of plant	1,500
Depreciation of office furniture	100
Managing Director's remuneration	12,000
General factory expenses	5,700
General office expenses	1,000
General selling expenses	1,000
Travelling expenses	1,100
Office salaries	4,500
Carriage outward	1,000
Advertisements	2,000
Sales	2,50,000

From the above figures, calculate the following:

- Prime cost
- Works cost
- Cost of production
- Cost of sales
- Net profit

- II A. Describe the various methods of pricing issue of materials.

OR

- B. From the following information prepare stores ledger accounts showing the issue of materials an LIFO method.

October 2002

- 1 - Balance 500 units @ Rs.10 unit
- 10 - Ordered 250 units
- 18 - Issued 125 units
- 21 - Received 150 units @ Rs.11 each
- 25 - Ordered 200 units

November 2002

- 1 - Issued 175 units
- 10 - Received 200 units @ 12 each
- 15 - Issued 100 units
- 20 - Returned to store 25 units issued on October 18
- 30 - Issued 125 units

(Turn over)

III A. Write notes on:

- (i) Features of job costing
- (ii) Treatment of variable and fixed cost under marginal costing
- (iii) Machine-hour rate
- (iv) Standard costing

OR

B. Alcon Construction Co. Ltd. commenced its business on 1st January, 2002. The following data has been extracted from its books in relation to a contract.

	Rs.
Cash received from Contractee	1,20,000
Materials	40,000
Direct Labour	55,000
Expenses at site	2,000
Plant and Equipments (at cost)	30,000
Fuel and Power	2,500

The contract price was Rs.3,00,000 and the work certified Rs.1,50,000. The work completed, since certification had been estimated at Rs.1,000 (at cost). Machinery costing Rs.2,000 was returned to stores at the end of the year. Stock of materials at site on 31-12-2002 was worth Rs.5,000 and wages outstanding were Rs.200. Depreciation of Machinery was to be charged at 10%. You are required to calculate the profit on the contract and show how the work-in-progress will appear in the Balance Sheet as on 31-12-2002. Also prepare the Contractee's Account.

IV A. Define 'Budget' and 'Budgetary Control'. Explain the steps in the installation of budgetary control.

OR

B. The finished product of a factory has to pass through three processes A, B and C. The normal wastage of each process is 2% in A, 5% in B and 10% in C. The percentage of waste is computed on the number of units entering each process.

The scrap values of wastage of processes A, B and C are 10 paise, 40 paise and 20 paise per unit respectively.

The output of each process is transferred to the next process and the finished products are transferred from process C into stock. The following further information is obtained:

	Process A (Rs.)	Process B (Rs.)	Process C (Rs.)
Materials consumed	12,000	4,000	4,000
Direct labour	8,000	6,000	6,000
Manufacturing expenses	2,000	4,000	2,000

20,000 units were put into process A at a cost of Rs.16,000. The output of each process has been A - 19,600 units; B - 18,400 units and C - 16,700 units.

There was no stock of work-in-progress in any process. Prepare the Process Accounts, abnormal Loss and Abnormal Gain accounts.

-: 3 :-

V A. Define cost audit and state its essential features. In what respect is cost audit different from financial audit.

OR

B. Sales (Qty.)	:	12000 units
Variable cost	:	Rs. 6/unit
Fixed cost	:	Rs. 20,000
Selling price	:	Rs. 10/unit

From the above details, compute:

- i) Profit-Volume ratio
- ii) Break-even sales (quantity)
- iii) Break-even sales (value)
- iv) Margin of safety
- v) Margin of safety ratio
- vi) Break-even sales, if sales quantity increases to 15000 units
- vii) Profit at a sales of 10,000 units
- viii) Sales (qty.) required to earn a profit of Rs. 40,000

(5 × 10 = 50 marks)
