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MCN-007

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MASTER OF BUSINESS ADMINISTRATION (MBACN)

Term-End Examination

December, 2013

MCN-007 : COST AND MANAGEMENT ACCOUNTING

Time : 3 hours *Maximum Marks : 100*

Note : *Attempt **any five** questions. **All** questions carry **equal** marks.*

1. Distinguish between Financial Accounting, Cost Accounting and Management Accounting. Also discuss various functions of management accounting. **20**

2. What are the main objectives of a system of budgetary control ? Do you think budgetary control is subject to certain limitations ? Briefly discuss necessary steps to the success of a budgetary control system. **20**

3. "Calculation of variances in standard casting is not an end in itself, but a means to an end". Discuss. Also distinguish between standard costing and budgetary control. **20**

4. "The effect of price reduction is always to reduce p/v ratio, raise the break-even point and shorter the margin of safety". Explain and illustrate with assumed figures. **20**

5. Define Responsibility Accounting and outline its basic principles. Discuss the different methods of measurement of divisional performance. **20**

6. A factory is currently running at 50% capacity and produces 5,000 units at a cost of Rs. 90 per unit as per details below : **20**

   Materials → Rs. 50

   Labour → Rs. 15

   Factory overhead → Rs. 15 (Rs. 6 are fixed)

   Administrative overhead → Rs. 10 (Rs. 5 are fixed)

   The current selling price is Rs.100 per unit At 60% working, material cost per unit increases by 2% and selling price per unit falls by 2%. At 80% working, material cost per unit increases by 5% and selling price per unit falls by 5%. Estimate profits of the factory at 60% and 80% working and give your comments on the same.

7. The standard material cost to produce one tonne of chemical 'x' is : **20**

   300 kg of material A @ Rs. 10 per kg.

   400 kg of material B @ Rs. 5 per kg.

   500 kg of material C @ Rs. 6 per kg.

During a period, 100 tonnes of chemical 'x' were produced from the usage of:-

35 tonnes of material A at a cost of Rs. 9,000 per tonne

42 tonnes of material B at a cost of Rs. 6,000 per tonne

53 tonnes of material C at a cost of Rs. 7,000 per tonne

Calculate material variances.

8. A, B and C are three similar plants under the same management, who want them to be merged for better operation. Details are as under : 20

Plant	A	B	C
Capacity operated	100%(Rs.) in lakhs	70%(Rs.) in lakhs	50% (Rs.) In lakhs
Turn over	300	280	150
Variable	200	210	75
Fixed cost	70	50	62

Find out :

(a) The capacity of the merged plant for break even

(b) The profit at 75% capacity of the merged plant

(c) The turnover from the merged plant to give a profit of Rs. 28 Lakhs