

R15
Code No: 723AG
JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD
MBA III Semester Examinations, December - 2018
STRATEGIC MANAGEMENT ACCOUNTING
Time: 3 hours
Max.Marks:75
Note: This question paper contains two parts A and B.

Part A is compulsory which carries 25 marks. Answer all questions in Part A. Part B consists of 5 Units. Answer any one full question from each unit. Each question carries 10 marks and may have a, b, c as sub questions.

PART - A
5 × 5 Marks = 25

- 1.a) What do you understand by 'Activity Based Costing?' [5]
- b) Explain the concept 'Inter Process Profits'. When do they arise? [5]
- c) How is 'Key factor' helpful to Management in output decisions? [5]
- d) Represent diagrammatically 'Margin of safety' in terms of quantity and value. [5]
- e) How do you compute 'Labour Yield Variance'? [5]

PART - B
5 × 10 Marks = 50

2. Narrate the importance of strategic management accounting in present market conditions? [10]

OR

3. The following data relate to the manufacture of a standard product during the four weeks ended 31st October, 2017.

Raw materials consumed	Rs.15,000
Direct wages	Rs.9,800
Machine hours worked	2,300 Hrs.
Machine Hour rate	Re.0.50
Office on cost	10% on works cost
Selling on cost	Re.0.10 per unit
Units produced	19,030
Units sold @ Rs.2 per unit	11,418

You are required to prepare a cost sheet in respect of the above showing the cost of production per unit. [10]

4. A cycle manufacturing company requires to quote for a contract for the supply of 500 bicycles on 31st March. 2017. From the following details, prepare a statement showing the price to be quoted to give the same % of net profit on turnover as was realized during the previous six months.

Stock of Materials on 1st July, 2016 Rs.50,000

Stock of materials on 31st December, 2016 Rs.7,000

Purchase of materials during 6 months to 31st December, 2016 Rs.75,000

Factory wages Rs.1,50,000

Indirect expenses Rs.25,000

Sales Rs.2,70,000

Completed stock in hand on 1st July, 2016 Nil

Completed stock in hand on 31st December Rs.50,000

The number of bicycles manufactured during six months was 2,000, including those sold and those in stock at the end of the period. The size of the bicycles and also the quality remain unchanged. However with effect from 1st January, 2017, wages were increased by 10% and that of materials by 15%. [10]

OR

5. A product is finally obtained after passing through three distinct processes. The following information is available from cost records:

	Process I	Process II	Process III	Total
Materials	Rs.2,600	Rs.2000	Rs.1,025	Rs.5,625
Direct wages	Rs.2,250	Rs.3,680	Rs.1,400	Rs.7,330
Production overheads	-----	-----	-----	Rs.7,330

500 units @ Rs.4 per unit were introduced in process I. Production overheads were absorbed as a % on direct wages.

The actual output and normal loss of respective processes are given below:

	Output (units)	Normal loss as a % on inputs	Value of scrap (per unit)
Process I	450	10%	Rs.2
Process II	340	20%	Rs.4
Process III	270	25%	Rs.5

Prepare Process accounts and abnormal gain/loss accounts. [10]

6. A company makes four components, namely A, B, C and D. The cost particulars are given below:

	A (Rs.)	B (Rs.)	C (Rs.)	D (Rs.)
Direct materials	80	100	100	120
Direct labour	20	25	25	30
Variable overhead	10	12	15	10
Fixed overhead	15	23	20	20
	125	160	160	180

Output per Machine

Hour (units) 4 2 3 3

Advise the Management as to whether they should continue to produce all or some of these components or buy them from a supplier who has quoted the following prices:

A: Rs.115; B: Rs.175; C: Rs.135; and D: Rs.185. [10]

OR

7. A businessman provides the following information:

Production and sales at present: 25,000 units

Sales at present: Rs.6,25,000

P/V Ratio: 20%

Fixed costs at present: Rs.4,80,000 p.a.

Fixed cost when the plant is shut down: Rs.3,60,000 p.a.

Advise the businessman whether the plant should be shut down and calculate the shut down point. If the existing sales (in units) are reduced by 5%, shall your decision be changed? [10]

8. What are the assumptions of Break even Analysis? In what respects the break even Principle is helpful to Management? What are its limitations? [10]

OR

- 9.a) The sales turnover and profit of a business unit during two years, 2015 and 2016 were as follows:

Year	Sales	Profit
2015	Rs.4,50,000	Rs.60,000
2016	Rs.5,10,000	Rs.75,000

You are required to calculate:

- i) P/V Ratio; ii) Sales required to earn profit of Rs.1,20,000; and iii) Profit made when sales are Rs.7,50,000.
- b) Explain different types of Inter firm comparison and their advantages. [5+5]
- 10.a) Mr. Ashok plans to prepare a cash budget for the next 3 months with a cash balance of Rs.45,000 on 01.04.2018. The following information is provided to you with the help of which determine the closing balance of cash as on 30th June, 2018.

	Sales (Rs.)	Purchases	Wages (Rs.)	Expenses (Rs.)
February	70,000	40,000	8,000	6,000
March	80,000	50,000	8,000	7,000
April	92,000	52,000	9,000	7,000
May	1,00,000	60,000	10,000	8,000
June	1,20,000	55,000	12,000	9,000

Other Information:

- i) Period of credit allowed by suppliers: Two months,
 ii) 25% of sales are for cash and period of credit allowed to customers for credit sales: one month.
 iii) Delay in payment of wages and expenses: one month,
 iv) Income Tax of Rs.20,000 to be paid in June, 2015.
- b) What are the objectives of Management Audit? [6+4]

OR

- 11.a) What are the preparatory activities before installing standard costing system in an Organization?
- b) From the following data, calculate
- i) Price variance,
 ii) Usage variance,
 iii) Mix variance, and
 iv) Revised usage variance

Material	Standard Qty.	Standard Rate/kg. (Rs.)	Actual Qty.	Actual Rate /kg. (Rs.)
A	10 kgs.	200	05 kgs.	300
B	20 kgs.	300	10 kgs.	600
C	20 kgs.	600	15 kgs.	500

[5+5]

--ooOoo--