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Code No: 723AG

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD
MBA III Semester Examinations, April/May-2019
STRATEGIC MANAGEMENT ACCOUNTING

Time: 3hours **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) Discuss about the role of accounting information in Planning and Control. [5]
b) Explain about the treatment of Abnormal Loss/Profit in Process Costing. [5]
c) Explain the importance of Profit Planning in Marginal costing Applications. [5]
d) Discuss about the need for Inter firm Comparison. [5]
e) Define Budgetary Control. Explain the steps involved in Budgetary Control. [5]

PART - B **5 × 10 Marks = 50**

2. Distinguish between Management Accounting, Financial Accounting and Cost Accounting. [10]

OR

3. Following information is made available from the costing records of a factory

a) The original cost of the machine	:	1,00,000
Estimated Life	:	10 years
Residual Value	:	5000
Factory Operates 48 hours per week	:	52 weeks in a year

Allow 15% towards machine maintenance down time.
5% (of productive time assuming unproductive) may be allowed as setting up time
b) Electricity by t he machines is 10units per hour at a cost of 50 paise per unit
c) Repairs & Maintenance cost is Rs.500 per month.
d) Two operators attend the machine during operations along with two other machines. Their total wages including fringe benefits amounting to Rs.5000 per month is paid
e) Other overheads attributable to the machine are Rs10, 431 per year.
Using the above data, calculate Machine Hour Rate. [10]

4. The accounts of X LTD show for three months ending 30th June, 2010

Materials	10, 00,000
Direct Labor & Machine Labor Wages	15, 00,000
Works overhead Expenditure	3, 00,000
Establishment & General Expenses	2, 24,000

Show the works cost, the Total cost of manufacturer, the percentage that the works overhead cost bears to the Manual and machine labor wages and the percentage that establishment and general Expenses to the works cost.
What price should the company quote on the basis of the above to the manufacture of an electric washing machine, which it is estimated, will require an expenditure of Rs.800 & Rs.600 in wages, so that it will yield a profit of 15% of the total cost. [10]

OR

5. Write a short note on the following
a) Inter-Process Profits
b) By Products
c) Equivalent Production [10]

6. XYZ Ltd manufactures auto parts. The following cost is incurred for process in 1, 00,000 units of a component.

Direct Material Cost	Rs. 5 Lakhs
Direct Labor Cost	Rs. 8 Lakhs
Variable Factory Overheads	Rs. 6 Lakhs
Factory Overheads	Rs. 5 Lakhs

The Purchase price of the component is Rs.22. the fixed overhead would continue to be incurred even when the component is bought from outside although there would be reduction to the extent of Rs.2, 00,000.
Required:
a) Should the part be made or bought, considering that the present facility when released following buying decision would remain idle.
b) In case the released capacity can be rented out to another company for Rs. 1,50,000, what would be the decision? [10]

OR

7. Discuss the importance of Marginal Costing Applications in Decision Making. [10]

8. The following information is given

Sales	-	2, 50,000
Variable cost	-	120000
Fixed cost	-	20000

Calculate:
a) Break Even Point
b) New BEP it selling price reduced by 10%
c) New BEP if Variable cost is increased by 10%
d) New BEP if Fixed cost is increased by 10% [10]

OR

9. Define Inter-firm Comparison. Explain the types of Inter-firm Comparison. [10]

10. Prepare the Flexible Budget on the basis of the following information for the year 2007-08.

Direct Materials	Rs. 6, 00,000
Direct Labor	Rs. 4, 00,000
Direct Expenses	Rs. 2, 00,000
Machine Expenses	Rs. 1, 00,000
Motive Power	Rs. 1, 00,000
Factory overheads (80% Fixed)	Rs. 80,000
Office Overheads (60% Fixed)	Rs. 1, 20,000
Selling Overheads (50% Fixed)	Rs. 40,000

Sales (selling Price being Rs. 2000 per unit) Rs. 20, 00,000
During the year, all the units' produced were sold and the factory was working at the capacity of 60%. The flexible Budget is to be prepared with the following assumptions
a) The capacity will be 75%
b) The price of direct material will increase by 25% & wages will increase by 20%. [10]

OR

11. XYZ Ltd. furnishes you the following information

Products	SQ In Units	SP (Per Unit)	AQ (In units)	AP(Per Unit)
A	1050	Rs.2	1100	Rs.2.25
B	1500	Rs.3.25	1400	Rs.3.5
C	2100	Rs.3.5	2000	Rs.3.75

Calculate:
a) Material cost variance
b) Material Price variance
c) Material Usage Variance
d) Material Mix variance [10]

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