Code No. 9101

FACULTY OF MANAGEMENT

MBA III – Semester Examination, May / June 2017

Subject: Strategic Management Accounting

Elective – II – Finance

Course No. 3.4.2 (F)

Time: 3 Hours **Max. Marks: 80**

Note: Answer all the questions.

PART – A (10x2 = 20 Marks)
[Short Answer Type]

1 **Write short notes on the following:**

a) Define strategic management accounting

b) CVP analysis

c) Variance analysis

d) Functional budgets

e) Segmented performance

f) Profit centre

g) Cost drivers

h) CAP analysis

i) PLC costing

j) Competitive bidding

PART – B (5x12 = 60 Marks)
[Essay Answer Type]

2 a) What are the uses nd applications of ***Marginal Costing***.

OR

b) The sales and profits Kakatiya Ltd for the financial years 2012 and 2013 are as under:

Particulars	2012 (Rs)	2013 (Rs)
Sales	1,50,000	1,70,000
Profit	20,000	25,000

You are required to calculate:

i) P/V Ratio

ii) Break-even point

iii) Required sales to earn a profit of Rs. 40,000

iv) Sales when profit is Rs. 50,000

3 a) What are the advantages and limitations of Standard Costing?

OR

b) The following are the budgeted expenses for production of 10,000 units of a product.

Particulars	Per Unit (Rs.)
Direct materials	70
Direct labour	30
Variable overheads	25
Fixed overheads (Rs. 1,50,000)	15
Variable expenses (Direct)	5
Selling expenses (10% fixed)	15
Administration expenses (Rs. 50,000) fixed for all levels of production	5
Distribution expenses (20% Fixed)	10
Total cost of sale per unit	175

Prepare a budget for production of 6000 , 7000 and 8000 irons, showing distinctly marginal cost and total cost.

4 a) What is responsibility centre? What are the types of responsibility canters?

OR

b) A company fixes inter-divisional prices for its product on the basis of cost plus an estimated return on investment in its divisions. The relevant portion of the budget for the division-A for the year 2015-16 is as follows:

	Rs.
Fixed costs	5,00,000
Current Assets (other than Debtors)	3,00,000
Debtors	2,00,000
Annual fixed cost of the division	8,00,000
Variable cost per unit of the product	10
Budgeted volume of production per year (Unit)	4,00,000
Desired Return on Investment	28%

You are required to determine the transfer price for the Division – A.

5 a) Discuss the advantages and limitations of Activity Based Costing.

OR

b) Explain the significance of Customer costs identification in service organizations.

6 a) Discuss strategic areas in product life cycle costing system.

OR

b) Explain the significance of competitor analysis.

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