

Roll No.

Total No. of Pages : 04

Total No. of Questions : 17

MBA (2018 Batch) (Sem.-1)
ACCOUNTING FOR MANAGEMENT AND REPORTING
Subject Code : MBA-104-18
Paper ID : [75405]

Time : 3 Hrs.

Max. Marks : 60

INSTRUCTION TO CANDIDATES :

1. SECTION-A contains EIGHT questions carrying TWO marks each and students has to attempt ALL questions.
2. SECTIONS-B consists of FOUR Subsections : Units-I, II, III & IV. Each Subsection contains TWO questions each carrying EIGHT marks each and student has to attempt any ONE question from each Subsection.
3. SECTION-C is COMPULSORY and carries TWELVE marks.

SECTION-A

- Q1 Explain three merits of financial accounting.
- Q2 Who is financial manager?
- Q3 How standard costing differ from budgetary control?
- Q4 Define zero based costing.
- Q5 Discuss in detail benefits of marginal costing.
- Q6 Discuss the significance of debt equity ratio.
- Q7 What do you mean by cash flow statement?
- Q8 How will you calculate break even point?

SECTION-B**UNIT-I**

- Q9 Define cost accounting. Discuss in detail objectives, advantages and disadvantages of cost accounting.
- Q10 *“Accounting concepts are like scientific rule, which are time tested and applicable universally across the boundaries and in different situations, where as conventions are certain accounting policies and procedures which are followed as a matter of practice is the business organizations”* Discuss.

UNIT-II

Q11 Anupam International LTD produces three products A, B, C each requiring more than one labour operation-Labour requirement per unit of output is given below :

Operation	A	B	C
1	10	20	5
2	5	-	10
3	15	10	5

The factory works for 8 hours per day for 26 days in a month. In a month 8 hours are lost due to various reasons. The budgeted hourly rates for the workers in operations 1, 2 and 3 are Rs.4, Rs.5 and Rs.6 respectively.

The budgeted production during the Month for the three products is as follows :

PRODUCT A	4000 units
PRODUCT B	6000 units
PRODUCT C	8000 units

Prepare a labour budget for the month showing for each operation,

- Direct labour hour
- Direct labour cost
- The number of workers.

Q12 The following data is obtained from the books of manufacturing concern :

	Men	Women
Number in the standard gang	24	14
Standard rate per hour	Rs. 8	Rs. 7
Number in the actual gang	18	16
Actual rate per hour	Rs. 9	Rs.6

During a week, 2 hour were lost due to power failure and work was actually done for 40 hours. Calculate labour mix variance and idle time variance.

UNIT-III

Q13 What is the purpose of preparing a cash flow statement? How is it prepared? Explain with the help of example.

Q14 Discuss in detail with the help of example the procedure of making fund flow statement.

UNIT-IV

Q15 Define target costing. Discuss in detail procedure and managerial applications of target costing with the help of example

Q16 The following data are available with respect to particular department for weekly operations :

Budgeted Output for 40 hours week	2,000 units
Budgeted Fixed Overheads	Rs. 2,000
Actual Output	1,800 units
Actual hours worked	32
Actual fixed overheads	Rs. 2,250

Compute overheads, expenditure and volume variances.

SECTION-C

Q17 A Company manufactures several products of varying levels of designs and models. It uses a single overhead recovery rate based on direct labour hours. The overheads incurred by the company in the first half of the year are as under:

	Rs.
Machine operation expenses	10,12,500
Machine maintenance expenses	1,87,500
Salaries of technical staff	6,37,500
Wages and salaries stores staff	2,62,500

During this period, the company introduced activity based costing System and the following significant activities were identified.

- Receiving materials and components
- Set up of machines for production runs
- Quality inspection

It is also determined that :

- The machine operation and machine maintenance expenses should be apportioned between stores and production activity in 20:80 ratio.
- The technical staff salaries should be apportioned between machine maintenance, set up and quality inspection in 30:40:30 ratio.

The consumption of activities during the period under review are as under :

• Direct labour hours worked	40,000
• Direct wage rate Rs.6 per hour	
• Production set-ups	2,040
• Material and component consignments received from supplier	1,960
• Number of quality inspections carried out	1,280

The data relating to two products manufactured by the company during the period are as under :

Products	P	Q
Direct material cost	Rs 6,000	4,000
Direct labour hours	960	100
Direct material consignments received	48	52
Production runs	36	24
Number of quality inspections done	30	10
Quantity produced (units)	15,000	5,000

A potential customer has approached the company for the supply of 24,000 units of a component K to be delivered in lots of 3,000 units per quarter. The job will involve an initial design cost of Rs 60,000 and the manufacture will involve the following per quarter:

Direct material cost	Rs 12,000
Direct labour hours	300
Production runs	6
Inspections	24
Number of consignment of direct materials to be received	20

The company desires a markup of 25% on cost

Required :

- a) Calculate the cost of products P and Q based on the existing system of single overhead recovery rate.
- b) Determine the cost of products P and Q using activity based costing system.
- c) Compute the sales value per quarter of component K using activity based costing system