

R22

Code No: 783AP

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

MBA III Semester Examinations, February - 2025

STRATEGIC COST AND MANAGEMENT ACCOUNTING

Time: 3 Hours

Max.Marks:60

Note: This question paper contains two parts-A and B. i) **Part- A** for 10 marks, ii) **Part - B** for 50 marks.

- Part-A is a compulsory question which consists of ten sub-questions from all units carrying equal marks.
- Part-B consists of ten questions (numbered from 2 to 11) carrying 10 marks each. Each of these questions is from each unit and may contain sub-questions. For each question there will be an “either” “or” choice, which means that there will be two questions from each unit and the student should answer either of the two questions.

PART – A

(10 Marks)

- 1.a) What is cost accounting? [1]
- b) What are the functions of Accounting? [1]
- c) What is costing for decision-making? [1]
- d) Define Costing. [1]
- e) Give the meaning for Break Even Point. [1]
- f) Write short notes on margin of safety. [1]
- g) What do you understand by Target operating Income? [1]
- h) What do you mean by Zero Based Budgeting? [1]
- i) List out the types of Budgets. [1]
- j) How do you define “Analysis of Variance”? [1]

PART – B

(50 Marks)

- 2.a) Explain the difference between Management Accounting and Cost Accounting.
- b) Examine the purpose of cost analysis and control. [5+5]

OR

- 3.a) Discuss the various cost concepts. What is the managerial use of classification of costs?
- b) Illustrate the role of accounting information in planning and control. [5+5]

4. What is the role of cost accounting in managerial decision-making? Why relevant costs are important in managerial decision-making? [10]

OR

5. Discuss the following with suitable examples:
 - a) Controllable costs and uncontrollable costs
 - b) Job costing and process costing. [5+5]

6. Explain in detail Cost Volume-Profit Analysis. What are the various decisions that a company can make based on this analysis? [10]

OR

7.

Vimal Raj Cooperation Ltd. has prepared the following estimates for the year 2023-24.

Sales Units	Rs.15,000
Fixed expenses	Rs.34,000
Sales volume	Rs.1,50,000
Variable cost	Rs.6 per unit

You are required to find :

- P/V ratio, break even point and margin of safety.
- Calculate the revised P/V ratio, break even point and margin of safety in each of the following cases.
 - Decrease of 10% in selling price.
 - Increase of 10% of variable costs.
 - Increase of sales volume by 2000 units.
 - Increase of Rs.60,000 in fixed costs.

[10]

8.

The information regarding the expenses of a company at 50% capacity is as follows:

Particulars	Rs.
Fixed expenses:	
Salary	1,10,000
Rent	30,000
Administrative expenses	70,000
Depreciation	45,000
Variable expenses:	
Material	24,000
Labour	66,000
Others	36,000
Semi variable expenses:	
Indirect Labour	50,000
Repairs and maintenance	40,000
Electricity	20,000

Additional information:

- The estimated sales at various levels of capacity are:
 - Rs. 5,00,000 at 40% Capacity
 - Rs. 6,25,000 at 50% Capacity
 - Rs. 7,50,000 at 60% Capacity
 - Rs. 8,75,000 at 70% Capacity
- The fixed expenses will remain same till 100% capacity. Semi variable expenses remain constant till 50% of capacity. It will increase by 10% between 50% and 65% capacity and further increased by 5% above 65% capacity.

Prepare a flexible budget and calculate the profit at various levels of capacities (40%, 50%, 60% and 70%). [10]

OR

9.

Write Brief notes on the following with suitable example:

- Sales Budget
- Cash Budget
- Production Budget.

[3+3+4]

10. Cost Data:
- Selling Price - 5 per unit
 - Variable Cost - 3 per unit
 - Fixed Cost - 1 per unit
 - Normal Production - 15,000 units
 - Total Fixed Cost for the year - 15,000

Following statement shows the position of production, sales, opening and closing stock:

Particulars	Period I units	Period II units
Opening Stock	-	3,000
Production	17,000	14,000
Sales	14,000	16,000
Closing Stock	3,000	1,000

Prepare statements showing the figure of profit by both the methods, i.e., marginal costing method and absorption costing method. Also explain the difference in profits.

OR

- 11.a) From the data given below calculate labour variances for the two departments

	Dept. A	Dept. B
Actual gross wages (Direct) Rs.	2,000	1,800
Standard hours produced	8,000	6,000
Standard rate per hours	0.30 paise	0.35 paise
Actual hours worked	8,200	5,800

- b) What are the difference between standard costing and Budgetary Control? [5+5]

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