

Code No: 783AP

JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY HYDERABAD

MBA III Semester Examinations, February - 2024

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)**

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|---------------------------------|-----|
| 1.a) Define cost accounting. | [1] |
| b) Brief on types of Overheads. | [1] |
| c) Define Abnormal Loss | [1] |
| d) What is Works Cost? | [1] |
| e) Define the Margin of Safety. | [1] |
| f) What is Marginal cost? | [1] |
| g) Define the Flexible Budget | [1] |
| h) What is Zero based Budget? | [1] |
| i) Define analysis of Variance. | [1] |
| j) What is Standard Cost. | [1] |

PART-B**(50 Marks)**

- | | |
|--|-------|
| 2.a) Bring out the interface that exist between managerial accounting and cost accounting? | |
| b) Describe the role of accounting information in planning and control. | [5+5] |

OR

3. Explain Allocation and Apportionment of Overheads? What basis would you follow for distribution of the following overhead expenses to departments?
- Store Service Expenses,
 - Employees' State Insurance,
 - Factory Rent,
 - Municipal Rent, Rates and Taxes,
 - Insurance on Building and Machinery,
 - Welfare Department Expenses,
 - Creche Expenses,
 - Steam,
 - Electric Light,
 - Fire Insurance.

[10]

4. The following data has been extracted from the books of Sunshine Industries Ltd., for the year 1985.

Opening stock of raw material Rs. 25,000; purchase of raw materials Rs. 85,000; Closing stock of raw materials Rs. 40,000; Carriage Inwards Rs. 5,000; Wages Direct Rs. 75,000; Indirect wages Rs. 10,000; Other Direct Charges Rs. 15,000; Rent, Rates -- Factory Rs. 5,000; Rent, Rates -- Office Rs. 500; Indirect consumption of raw material Rs. 500; Other factory expenses Rs. 5,700; Advance Income Tax paid Rs. 15,000.

Depreciation : Plant and Machinery Rs. 1,500; Office Furniture Rs. 100; Salary : Office Rs. 2,500; Salesmen Rs. 2,000. Other office expenses Rs. 900; Manager's Remuneration Rs. 12,000; Bad debts written off Rs. 1,000; Advertising expenses Rs. 2,000; Travelling expenses of salesmen Rs. 1,100; Carriage Outwards Rs. 1,000; Sales Rs. 2,50,000.

The manager has overall charge of the company and his remuneration is to be allocated at Rs. 4,000 to the factory, Rs. 2,000 to the office and Rs. 6,000 to the selling operations.

From the above particulars, prepare a statement showing (A) Prime cost (B) Factory Cost (C) Cost of Production (D) Cost of Sales and (E) Net Profit. [10]

OR

5. A factory can produce 60,000 units per year at its 100% capacity. The estimated cost of production is as under:

Direct Material- Rs. 3 per unit

Direct Labour- Rs. 2 per unit

Indirect Expenses :-

Fixed - Rs. 1,50,000 per year

Variable- Rs. 5 per unit

Semi- variable- Rs.50,000 per year up to 50% capacity

and an extra expense of Rs.10,000 for every 25% Increase in capacity or part thereof.

the factory produces only against order and not for stock. If the Production program of the factory is as indicated below and the management desires to ensure a Profit of Rs. 1,00,000 for the year, work out the average selling price at which per unit should be quoted:

First 3 months of the year 50% of capacity remaining 9 months 80% of the capacity.

Ignore selling, distribution and administration overheads. [10]

6. Company X and Company Y sell the same line of product at a unit price of Rs. 40.

The variable costs per unit for each company are Rs. 24 and the fixed costs are Rs.4,00,000. Company X reduces its price by 10 % and company Y increases its variable costs by 10 %.

a) Compute the break-even point before the change in price and costs.

b) Compute the break-even point after the change in price and costs.

c) Which company must sell a greater volume to break-even?

[3+3+4]

OR

7. S co. has furnished the following particulars in respect of two products A & B. A is a newly introduced product with some technical problems requiring substantial engineering changes. On the other hand, Product B is a mature and established product and thus not require much attention regarding engineering changes

	A	B
Output units	2000	2000
Engineering changes notices per product line	30	18
Unit cost per engineering change notice	1250	1250
Machine hours required per unit	4	8

You are required to:

- Ascertain overhead cost per unit of each product by using traditional machine hour rate method
- Ascertain overhead cost per unit of each products using ABC.
- Comment on the results.

[4+3+3]

8. From the information given below, prepare a manufacturing overhead budget for the quarter ending December 31, 2000 :

Budget output during the quarter Rs. 5,000

Fixed Overheads Rs. 30,000

Variable Overheads (varying at the rate of Rs. 5 per unit) Rs. 15,000.

Semi-variable overheads (40 % fixed and 60 % varying @ Rs. 3 per unit).

[10]

OR

9. A firm expects to have Rs. 30,000 in the bank on 1st May 1980 and requires you to prepare an estimate of the cash position during the three months May to July 1980.

The following information is supplied to you.

Month	Sales	Purchases	Wages	Factory Expenses	Office Expenses	Selling Expenses
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
March	40,000	24,000	6,000	3,000	4,000	3,000
April	46,000	28,000	6,500	3,500	4,000	3,500
May	50,000	32,000	6,500	4,000	4,000	4,000
June	72,000	36,000	7,000	4,400	4,000	4,000
July	84,000	40,000	7,250	4,250	4,000	4,000

Other information :

- 25 % of the sales is for cash, remaining amount is collected in the month following that of sales.
- Suppliers supply goods at two months credit.
- Delay in payment of wages and all other expenses -- one month.
- Income tax of Rs. 10,000 is due to be paid in July and
- Preference share dividend of 10 % on Rs. 1,00,000 to be paid in May.

[10]

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10. Figure out the overhead budget, volume and efficiency variances from the following data:

Standard hours allowed for production	4,000	[10]
Actual hours taken for production	4,130	
Budgeted Overheads for 4,000 hours	Rs. 4,000	
Overhead recovered on standard hours basis	Rs. 4,065	
Actual overhead incurred	Rs. 4,022	
Standard overhead rate per hour	1.00	

OR

11. In a manufacturing concern, the standard time fixed for a month is 8,000 hours. A standard wage rate of Rs. 2.25 per hour has been fixed. There was a stoppage of work due to power failure for 100 hours. Calculate idle time variance. [10]

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