



**PAV-19MBA206**

Seat No. \_\_\_\_\_

**M. B. A. (Sem. II) (CBCS) Examination**

**August / September - 2020**

**Cost & Management Accounting**

Time : 3 Hours]

[Total Marks : 70

**Instruction :** All questions carry equal marks.

- 1 What is budgetary control? Discuss the advantages and limitations of Budgetary Control.

**OR**

- 1 What are the limitations of Financial Accounting ? Does Management Accounting help in overcoming them ? Explain with suitable examples.
- 2 The cost of an article at the capacity level of 5,000 units is given under A below. For a variation of 25 percent in capacity above or below this level, the individual expenses were as indicated under B below :

<b>Particulars</b>	<b>A</b>	<b>B (percent)</b>
Material cost	25,000	100 (variable)
Labour cost	15,000	100 (variable)
Power	1,250	80 (semi-variable)
Repairs and maintenance	2,000	75 (semi-variable)
Stores	1,000	100 (variable)
Inspection	500	20 (semi-variable)
Administration overheads	5,000	25 (semi-variable)
Selling overheads	3,000	50 (semi-variable)
Depreciation	10,000	100 (Fixed)
Total	<u>62,750</u>	
Cost per unit	12.55	

Prepare the Cost Budget at 4,000 units and 6,000 units.

**OR**

- 2 Explain how the marginal- costing techniques will be applied in the decision - making process of the management with illustrations.

- 3 Define Cost Accounting. Discuss objectives and functions of Management Accounting.

OR

- 3 The following information has been extracted from the books of Rushabh & Co. for the month ending June, 2020 :

Particulars	Amt.
Raw Material (as on June 01, 2020)	205200
Work-in-Progress (as on June 01, 2020)	104500
Finished Goods (as on June 01, 2020)	233700
Raw Material (as on June 30, 2020)	184300
Work-in-Progress (as on June 30, 2020)	94050
Finished Goods (as on June 30, 2020)	253650
Material Purchased	1064000
Carriage Inward for Raw Material	8170
Material destroyed by fire	25270
Productive Wages	665000
Wages of Storekeeper	28500
Depreciation on Machinery	31160
Factory Rent	53200
Electricity Bill of Factory	25460
Renovation of Factory Premises	35340
Machinery Repairs and Maintenance	9500
Office Cleaning	3420
Depreciation on Office Computers	13300
Office Telephone Bill	2470
Office Manager's Salary	41800
Office Stationery	6460

Prepare a cost sheet from the above details showing

- (1) Raw material consumed
- (2) Prime cost
- (3) Factory cost
- (4) Cost of production
- (5) Total cost
- (6) Net profit

- 4 What is an Activity based costing system ? What are the advantages and disadvantages of it ?

**OR**

- 4 The following figures relate to a company manufacturing a varied range of products :

	Total Cost (Rs.)	Total Sales (Rs.)
Year ending 31 <sup>st</sup> Dec., 2018	19,83,600	22,23,000
Year ending 31 <sup>st</sup> Dec., 2019	21,43,200	24,51,000

Assuming stability in prices, with variable costs carefully controlled to reflect predetermined relationship, and an unvarying figure for fixed costs, calculate :

- (a) The profit-volume ratio
  - (b) Fixed costs
  - (c) Fixed cost % to sales
  - (d) Break-even point.
  - (e) Margin of safety for the year 2018 and the year 2019
- 5 Write short notes on : (any two)
- (1) Cost Control
  - (2) Fixed and Flexible Budget
  - (3) Assumptions of Marginal Costing
  - (4) Methods of Costing

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