Hall Ticket No | | | | | | | | | | | Question Paper Code: CMBB35

INSTITUTE OF AERONAUTICAL ENGINEERING

(Autonomous)

Dundigal, Hyderabad - 500 043

MODEL QUESTION PAPER

MBA III Semester End Examinations, November - 2019

Regulation: IARE-R18

STRATEGIC MANAGEMENT ACCOUNTING

(Master of Business Administration)

Time: 3 Hours **Max Marks: 70**

Answer any ONE question from each Unit
All questions carry equal marks
All parts of the question must be answered in one place only

UNIT – I

1 a) Define management accounting. Describe the importance and limitations of management accounting. [7M]

b) The cotton textile company is divided into three production departments M, N, O and one service department X. The actual cost for a period is as given in the Table 1 as follows. [7M]

PARTICULARS	**AMOUNT (In Rs.)**
1.Rent	3000
2.Repairs to plant	1800
3.Depreciation to plant	1350
4.,Employees insurance	450
5.Supervision	4500
6. Fire insurance in respect of stock	1500
7. Power	2700
8. Light charges	360

Table 1

The following information is available in respect of 4 departments in the given Table 2 as below.

Particulars	**M**	**N**	**O**	**X**
Area(in sq.metrs)	1500	1100	900	500
No of employees	20	15	10	5
Total wages	6000	4000	3000	2000
Value of plant	24000	18000	12000	6000
Value of stock	15000	9000	6000	---
H.P of plant	24000	18000	12000	6000

Table 2

Apportion the costs to the various departments on the most equitable basis.

2 a) Define cost accounting and management accounting. Distinguish between cost accounting and management accounting. [7M]

b) From the following information compute a machine hour rate of charging overheads in respect of machine no. 620 from the following furnished Table 3: [7M]

Particulars	Amount
Cost of machine	Rs.5,500
Estimated scrap of machine	Rs.340
Effective working life	is 10,000 hours
Repairs over whole life of machine	Rs.750
Rental charges of shop for four weekly period	Rs.855
Hours worked in four-weekly period	120 hours
Number of machines in shop each of which bears equal charges	30 machines
Power used by each machine 6 units per hour	0.05 paise p.u..

Table 3

UNIT – II

3 a) Define process costing. Illustrate the features, advantages and disadvantages of process costing. [7M]

b) Prepare cost sheet for the year ending 31st March 2005 from the following information which is furnished in the Table 4 [7M]

Particulars	**Amount (Rs.)**
Opening stock of raw material	30,500
Closing stock of raw material	48,500
Opening stock of finished goods	20,400
Closing stock of finished goods	10,000
Opening stock of work-in-progress	8,000
Closing stock of work-in-progress	9,000
Purchase of raw materials	25,000
Sales	95,000
Direct wages	20,400
Factory expenses	10,500
Office expenses	5,400
Selling expenses	3,800
Distribution expenses	2,500

Table 4

4 a) Define job costing and process costing. Distinguish between job costing and process costing. [7M]

b) Prepare process accounts and calculate total cost of production from the following data given **Table 5.** [7M]

Particulars	Process X (Rs.)	Process Y (Rs.)	Process Z (Rs.)
Materials	2,250	750	300
Labour	1,200	3,000	900
Direct Expenses:			
Fuel	300	200	400
Carriage	200	300	100
Works overheads	1,890	2,580	1,875
The indirect expenses **Rs.1,275** should be apportioned on the basis of wages.			

Table 5

UNIT – III

5 a) Define break even analysis. Discuss the assumptions, significance and limitations of break-even analysis. [7M]

b) Calculate the following: [7M]

(i) P/V Ratio
(ii) Fixed Cost (Rs.)
(iii) Break Even Point (Rs.)
(iv) Sales required to earn a Profit of Rs.20,000
(v) Profit when sales are Rs.1,25,000 from the following information furnished in Table 6:

Years	Sales (In Rs.)	Profit (In Rs.)
2000	1,00,000	15,000
2001	1,20,000	23,000

Table 6

6 a) Define marginal costing. Critically examine the features, advantages and limitations of marginal costing. [7M]

b) You are required to calculate (i) Break Even Point (in Rs.) (ii) Margin of Safety (MOS) iii) Margin of Safety Ratio (iv) Sales at a Profit of Rs.10,000 from the following Table 7 given below:: [7M]

Particulars	**Amount (Rs.)**
Sales	3,00,000
Variable Cost	2,00,000
Fixed Cost	70,000
Profit	30,000.

Table 7

UNIT – IV

7 a) Describe the concepts of fixed budget and flexible budget. Distinguish between fixed budget and flexible budget. [7M]

b) Design The following information at 50% capacity is given. Prepare a flexible budget and forecast the profit or loss at 60%, 70% and 90% capacities from the following Table 8\: [7M]

Particulars	**At 50% capacity (Rs.)**
Fixed expenses	
Salaries	50,000
Rent and Taxes	40,000
Depreciation	60,000.
Administrative expenses	70,000
Variable expenses:	
Materials	2,00,000
Labour	2,50,000
Others	40,000
Semi-variable expenses	
Repairs	1,00,000
Indirect Labour	1,50,000
Others	90,000

It is estimated that fixed expenses will remain constant at all levels of capacities. Semi variable expenses will not change between 45%-60% capacity, will rise by 10% between 60%-75% capacity, a further increase of 5% when the capacity crosses 75% capacity.

Estimated sales at various levels of capacities are given as follows:

Capacity	**Sales (Rs.)**
60%	11,00,000
70%	13,00,000
90%	15,00,000

8 a) Define budgetary control. Explain the advantages and disadvantages of budgetary control. Critically examine the objectives of budgetary control. [7M]

b) The income and expenditure forecast for the months March to August, 2005 are given in the Table 9 as follows: [7M]

Months	Sales(Rs.)	Purchases(Rs.)	Wages(Rs.)	Production expenses (Rs.)	Office expenses (Rs.)	Selling expenses (Rs.)
March	60,000	36,000	9,000	3,500	2,000	5,000
April	62,000	38,000	8,000	3,750	1,500	5,000
May	64,000	33,000	10,000	4,000	2,500	4,500
June	58,000	35,000	8,500	3,750	2,000	3,500
July	56,000	39,000	9,500	5,000	1,000	3,500
August	60,000	34,000	8,000	5,200	1,500	4,500

Table 9

Other information:

i) Plant costing Rs.16,000 is due for delivery in July payable 10% on delivery and the balance after 3 months.

ii) Advance tax of Rs.8,000 is payable in March and June each.

iii) Creditors allow 2 months credit.

iv) Debtors are paying one month late.

v) Lag in the payment of expenses is one month.

vi) Opening balance of cash as on 1st May, 2005 Rs.8,000.

Prepare a cash budget for three months from May to July from the above information.

UNIT – V

9 a) Examine the meanings of standard costing and budgetary control. Distinguish between standard costing and budgetary control. [7M]

b) From the following data compute various material variances given in the Table 10: [7M]

Products	**Standard Quantity(Units)**	**Standard price (Rs.)**	**Actual Quantity (Units)**	**Actual Price (Rs.)**
A	80	8.00	90	7.50
B	70	3.00	80	4.00

Table 10

10 a) Define standard costing. State the advantages and disadvantages of standard costing. Critically examine the steps which are involved in standard costing. [7M]

b) The following data is taken out from the books of a manufacturing concern: [7M]

Budgeted labour composition for producing 100 articles

20 Men @Rs.1.25 per hour for 25 hours

30 Women @Rs.1.10 per hour for 30 hours.

Actual labour composition for producing 100 articles

25 Men @Rs.1.50 per hour for 24 hours

25 Women @Rs.1.20 per hour for 25 hours.

Compute various labour variances.

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COURSE OBJECTIVES :

The course should enable the students to:

I	Develop an insight of principles of cost accounting and management accounting for effective management control, profit planning and decision making.
II	Understand allocation and apportionment of overheads for cost analysis and cost control.
III	Demonstrate, interpret and analyze the unit costing, job costing and marginal costing in terms of cost control and profit planning.
IV	Design and use of break even analysis techniques for solving various business problems.
V	Appreciate and use budgetary control techniques in fixing the goals for the organization as whole and concerned efforts are made for its achievements.
VI	Analyze different types of standard costing techniques and variance analysis techniques for eliminate wastage and increase the efficiency in performances.

COURSE OUTCOMES (COs):

Students, who complete the course, will have demonstrated the ability to do the following:

CMBB35.01	Understand the objectives, importance and limitations of cost accounting, financial accounting and management accounting.
CMBB35.02	Distinguish between financial accounting, cost accounting and management accounting.
CMBB35.03	Discuss the role of accounting information in planning and control.
CMBB35.04	Examine the classification, allocation and apportionment of overheads for the purpose of knowing
CMBB35.05	Describe the significance and limitations of unit costing, job costing, process costing, and cost sheet.
CMBB35.06	Enumerate the applications of marginal costing in terms of specific fixed assets, cost control, suitable product mix, profit planning and closing down or suspending activities.
CMBB35.07	Identify the assumptions, advantages and limitations of break even analysis and inter firm comparisons.
CMBB35.08	Evaluate the significance and limitations of budgetary control system
CMBB35.09	Discuss the classification of various types of budgets like flexible budget, cash budget, production budget, sales budget, significance of zero based budgeting..
CMBB35.10	State the significance, objectives and limitations of standard costing and budgetary control.

MAPPING OF SEMESTER END EXAMINATION TO COURSE LEARNING OUTCOMES:

SEE Question No.		Course Outcomes (COs)		Blooms Taxonomy Level
1	a	CMBB35.01	Understand the definitions, objectives, importance and limitations of management accounting.	Understand
	b	CMBB35.01	Understand the apportionment of the costs to the various departments on the most equitable basis.	Understand
2	a	CMBB35.02	Write the meaning of cost accounting and management accounting. Distinguish between cost accounting and management accounting.	Remember
	b	CMBB35.02	Evaluate / compute a machine hour rate of charging overheads in respect of machine for knowing the standing charges rate per hour and variable charges per hour in respect of a machine.	Remember
3	a	CMBB35.03	Illustrate the definitions, features, advantages and disadvantages of process costing.	Remember
	b	CMBB35.03	Prepare a cost sheet to know the total cost f sales and profit on sale.	Remember
4	a	CMBB35.04	Examine the application of marginal costing in terms of cost control, profit planning, closing down a plant and fixation of selling price.	Remember
	b	CMBB35.04	Evaluate the value of finished goods from various process accounts.	Remember
5	a	CMBB35.05	Discuss the assumptions, significance and limitations of break-even analysis.	Understand
	b	CMBB35.05	Calculate/ evaluate P/V ratio, fixed cost, break even point, sales required to earn a desired Profit and profit earned at desired sales with the help of break even point.	Remember
6	a	CMBB35.06	Analyze and examine the applications of break-even point for various proble decisions, pricing decisions, sales mix decisions and production capacity plar	Understand
	b	CMBB35.07	Calculate / evaluate P/V ratio, fixed cost, break even point, sales required to earn a desired Profit and profit earned at desired sales with the help of break even point.	Remember
7	a	CMBB35.06	Understand the concepts of fixed budget and flexible budget and differences between fixed budget and flexible budget.	Understand
	b	CMBB35.07	Evaluate and examine the profit or loss at various levels of activities from the flexible budget.	Remember
8	a	CMBB35.08	Examine the objectives, advantages and disadvantages of budgetary control.	Remember
	b	CMBB35.07	Analyze and apply the designing procedures of preparing cash budget for knowing liquidity position of business concern.	Understand
9	a	CMBB35.10	Understand and examine the meanings of standard costing, budgetary control and the differences between standard costing and budgetary control.	Remember
	b	CMBB35.10	Understand and evaluate various material variances for eliminate wastage and increase the efficiency of performance.	Understand
10	a	CMBB35.09	State the advantages and disadvantages of standard costing and examine the steps which are involved in standard costing.	Remember
	b	CMBB35.10	Understand and evaluate various labour variances with the object of eliminate wastage and increase the efficiency of performance.	Understand

Signature of Course Coordinator **HOD, MBA**