



GIET UNIVERSITY, GUNUPUR – 765022
M. B. A (Third Semester) Examinations, December' 2020
MB 303 B – MANAGERIAL ACCOUNTING
(MBA)

Time: 2 hrs

Maximum: 50 Marks

The figures in the right hand margin indicate marks.

PART – I: (Multiple Choice Questions)**(1 x 10 = 10 Marks)****Q. 1 Answer ALL questions**

- a. Basic concept of cost concept is-----
 - (i) Cost ascertainment
 - (ii) Tax compliance
 - (iii) Financial audit
 - (iv) Profit analysis
- b. Which cost is incurred even if the company is closed -----
 - (i) Sunk cost
 - (ii) Historical cost
 - (iii) Shutdown cost
 - (iv) Imputed cost
- c. What item is not included in cost accounting -----
 - (i) Product costing
 - (ii) Profit-sharing
 - (iii) Planning
 - (iv) Controlling
- d. The cost that tends to remain constant irrespective of the level of activity is called _____.
 - (i) Variable cost
 - (ii) Fixed cost
 - (iii) Total cost
 - (iv) All of the above
- e. Management accounting assists the management
 - (i) Only in control
 - (ii) Only in direction
 - (iii) Only in planning
 - (iv) In planning, direction and control
- f. Which of the following is not a functional budget-----
 - (i) Labour budget
 - (ii) Cash budget
 - (iii) Materials budget
 - (iv) Expenses budget
- g. Management accounting is deals with -----
 - (i) Quantitative Information
 - (ii) Qualitative Information
 - (iii) Both (i) and (ii)
 - (iv) None of the above
- h. Sales budget shows the sales details as -----
 - (i) Month wise
 - (ii) Product wise
 - (iii) Area wise
 - (iv) All of the above
- i. Abnormal cost is the cost _____.
 - (i) Cost normally incurred at a given level of output
 - (ii) Cost not normally incurred at a given level of output
 - (iii) Cost which is charged to customer
 - (iv) Cost which is included in the cost of the product
- j. Standard costing is helping the management in-----
 - (i) Increasing the overall efficiency
 - (ii) Cost reduction
 - (iii) Increasing production efficiency
 - (iv) None of these

PART – II : (Short Answer Questions)**(2 x 5 = 10 Marks)****Q.2. Answer ALL questions**

- What is fixed cost?
- Write short note on: Activity based costing.
- What is the use of cost volume profit analysis?
- What is zero based budgeting?
- What does break even measure?

PART – III: (Long Answer Questions)**(6 x 5 = 30 Marks)**Answer **ANY FIVE** questions.

- Explain the Advantages of Cost Accounting
- The accounts of a machine manufacturing company disclose the following information for six months ending 31st December 2018

	Rs.
Materials used	1,50,000
Direct Wages	1,20,000
Factory overheads	30,000
Administrative expenses	15,000

Prepare cost sheet for the half year and calculate the price which the company should quote for the manufacture of a machine requiring materials valued Rs.1,250 and Wages Rs.750, so that the price might yield a profit of 20% on the selling price.

- What is different between cost accounting and financial accounting?
- Describe the Objectives of Standard Costing
- Assuming that the cost and selling price remains the same, in 2016 and 2017, Calculate the following:
 - P/V Ratio
 - Fixed Cost
 - Break Even Sales
 - Profit when sales are Rs.1,00,000
 - Sales required to earn a profit of Rs.20,000

Year	Sales Rs.	Profit Rs.
2016	1,20,000	9,000
2017	1,40,000	13,000

8. Explain the difference between management accounting and financial accounting
9. A company wishes to arrange overdraft facilities with its bankers during the period of April to June when it will be manufacturing most for stock. Prepare Cash Budget for the above period from the following data, indicating the extent of bank facilities the company will require at the end of each month:

	Sales Rs.	Purchases Rs.	Wages Rs.
February	1,80,000	1,24,800	12,000
March	1,92,000	1,44,000	14,000
April	1,08,000	2,43,000	11,000
May	1,74,000	2,46,000	10,000
June	1,26,000	2,68,000	15,000

Additional information:

- (a) **50%** of credit sales are realized in the month following sales and the remaining 50% in the second month following.
- (b) Creditors are paid in the month following the month of purchase.
- (c) Wages are paid on the 1st of next month.
- (d) Cash at Bank on 1st April Rs.**25,000**
10. What are the main objectives of budgetary control?

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