

light and power, and inspection costs are variable to the extent of 50% and 40% respectively. Other costs are fixed costs a month.

Prepare a flexible budget for overheads for production of 4,000 and 6,000 units per month. Also find out the average factory overheads per unit for these two production levels.

6. Define Standard Cost and Standard Costing. Explain the process of calculating material, labour and overhead variance. **14**

Unit IV

7. Explain the stages involved in designing an activity based costing (ABC) system with examples. **14**
8. Briefly explain the following :
- (a) Various approaches to responsibility accounting
 - (b) Types of transfer pricing. **14**

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M.B.A. EXAMINATION, May 2017

(Second Semester)

(Main & Re-appear)

MANAGEMENT ACCOUNTING

MBA-106

Time : 3 Hours]

[Maximum Marks : 70

Before answering the question-paper candidates should ensure that they have been supplied to correct and complete question-paper. No complaint, in this regard, will be entertained after the examination.

Note : Attempt *Five* questions in all, selecting at least *one* question from each Unit.

Unit I

1. What is meant by management accounting ? How is it different from financial and cost accounting ? **14**

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2. Briefly explain the following :

(a) Overhead allocations

(b) Classification of costs. **7+7=14**

Unit II

3. ABC Ltd. and MNP Ltd. sell identical products in identical markets. Their budgeted income statement for the year 2013-14 is as follows :

Particular	ABC	MNP
	(Rs.)	(Rs.)
Sales	5,00,000	6,00,000
Less : Variable Cost	(4,00,000)	(1,80,000)
Contribution	1,00,000	4,20,000
Less : Fixed costs	(20,000)	(2,70,000)
Budgeted Profit	80,000	1,50,000

Calculate : (a) BEP for each company; (b) sales at which company each company will earn a profit of Rs. 60,000; (c) sales at which both companies will have same profits; and (d) which company will earn more when there is heavy demand. **7+7=14**

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4. Briefly explain the following :

(a) Applications of differential costing

(b) Role of incremental costing in management decision making. **14**

Unit III

5. A company producing electronic watches estimates the following factory overhead costs for pricing 5,000 units : **14**

Particulars	Rs.
Indirect materials	16,000
Indirect labour	30,000
Inspection costs	16,000
Heat, light and power	8,000
Expendable tools	8,000
Supervision costs	8,000
Equipment depreciations	4,000
Factory rent	4,000
Indirect labour, indirect material and expendable tools are entirely variable. Heat,	

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