

**M. COM. SEM - IV (CHOICE BASED CREDIT SYSTEM) (2012
COURSE) : WINTER - 2018**

SUBJECT: MANAGEMENT ACCOUNTING - II

Day: Wednesday
Date: 17/10/2018

W-2018-0434

Time: 03.00 PM TO 06.00 PM
Max. Marks: 60

N.B:

- 1) All questions are **COMPULSORY**.
- 2) Figures to **RIGHT** indicate full marks.

Q.1 Define 'Budget' and 'budgetary control' what are the advantages and (16) disadvantages of budgetary control?

OR

Draw up a flexible budget for overhead expenses on the basis of the following data and determine the overhead rates at 70% and 90% plant capacity.

Expenses	At 80% capacity (Rs.)
Variable Overheads:	
Indirect Labour	12,000
Store including spares	4,000
Semi-variable Overheads:	
Power (30% fixed, 70% variable)	20,000
Repairs and Maintenance (60% fixed, 40% variable)	2,000
Fixed Overheads:	
Depreciation	11,000
Insurance	3,000
Salaries	10,000
Total Overheads	62,000

Estimated Direct labour hours at 80% capacity 1,24,000 hrs.

Q.2 What do you mean by 'Marginal Costing'? Discuss its usefulness and (16) Limitations.

OR

You are given the following data:

Year	Sales Rs.	Profit Rs.
2009	1,20,000	9,000
2010	1,40,000	13,000

Assuming that the cost structure and selling price remain unchanged in the two years, find out:

- (i) P/V ratio
- (ii) Break-even point
- (iii) Profit when sales are Rs.1,00,000
- (iv) Sales required to earn a profit of Rs.20,000.

Q.3 What is 'Standard costing'? Explain its advantages and imitations. (16)

OR

P.T.O.

A company is considering to purchase a machine. Two machines each costing Rs.40,000, are available. Earnings after taxation, but before charging depreciation are:

Cash Flows

Year	Discount Factor @ 10% account to Interest table	Machine A Rs.	Machine B Rs.
1	.909	12,000	8,000
2	.826	18,000	16,000
3	.751	20,000	24,000
4	.683	15,000	18,000
5	.621	10,000	14,000

Evaluate the two alternatives according to:

- a) The Pay-back method.
- b) Return on Investment Method-Average Annual Earnings on Average Investments.
- c) Net Present Value Method (cost of Capital @ 10%)

Q.4 Write short note on **ANY THREE** of the following: **(12)**

- a) Materials Variances
- b) Labour Rate Variance
- c) Cash Budget
- d) Objectives of budgetary control.
- e) Make or Buy Decision

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