



22/3/2018

Doon University  
Mid Semester Examination, 2018,  
School of Management  
MBA, Second Semester

**MMS-512, Accounting For Managerial Decisions**

Time: 2 Hours

Total Marks: 30

Note: Attempt all questions.

**SECTION: A** (Short answer type questions to be answered in about max 100 words)

Attempt all parts. All parts carry equal marks.

(2\*4=8)

1. What is Management Accounting? How does it help managers?
2. Explain the concept of cost. What is the utility of making a distinction between fixed and variable cost?
3. If sale price of a product is Rs. 500 p.u and variable cost is Rs. 50. p.u. Calculate PV Ratio.
4. Explain these terms:
  - a. Margin of Safety
  - b. Opportunity Cost

**SECTION: B** (Medium answer type questions to be answered in about 200 words)

Attempt all parts. All parts carry equal marks

(5\*3=15)

5. Distinguish between marginal costing and absorption costing. Also examine their relative appropriateness.
6. Two businesses ABC Ltd. & XYZ Ltd. sell the same type of product in the same type of market. Their budgeted profit and loss for the current year ending March 31 are as

Particular	ABC Ltd.	XYZ Ltd.
Sales	1,50,000	1,50,000
Less VC	1,20,000	1,00,000
Fixed Cost	15,000	35,000
Total Cost	1,35,000	1,35,000
Net Profit	15,000	15,000

1. Calculate the BEP point for each business.
7. In what aspects management accounting differ from financial accounting

**SECTION: C** (Long answer type questions to be answered in about 350 words)

Attempt any one. All parts carry equal marks

(7\*1=7)

8. ABC Ltd. manufactures and sells four type of products under the brand name A,B,C and D. The total budgeted sales are 60,000 (100%) and the sales mix in value comprise 33.33%, 47.67%, 16.67% and 8.33% for the product A,B,C,D respectively. The total fixed cost for the product is Rs. 14,700. The VC and sales for each product are as follows:

Particular	Sales	Sales mix(%)	VC
A	20,000	33.33	12,000
B	25000	41.67	17,000
C	10,000	16.67	8,000
D	5,000	8.33	2,000

- a. Calculate B.E.P for the product on an overall basis.
  - b. If the sales mix changes to 8.33%, 47.67%, 16.67% and 33.33% from the existing one, what will be the impact of change in sales mix on BEP?
9. Discuss the role of cost in decision making.