

Registration No :

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Total Number of Pages : 02

MBA
18MBA303B

3rd Semester Regular Examination 2019-20
ADVANCED MANAGEMENT ACCOUNTING

BRANCH : MBA

Max Marks : 100

Time : 3 Hours

Q.CODE : HR966

Answer Question No.1 (Part-1) which is compulsory, any EIGHT from Part-II and any TWO from Part-III.

The figures in the right hand margin indicate marks.

Part- I

Q1 Only Short Answer Type Questions (Answer All-10)

(2 x 10)

- What do you mean by fixed cost, give example?
- Give examples of two industries where process costing is adopted.
- What do you mean by prime cost?
- How can you classify overhead on the basis of elements?
- What do you mean by contribution?
- How do you compute cost of production?
- What do you mean by Flexible Budget?
- Write the uses of marginal costing.
- What do you mean by Margin of Safety?
- Give appropriate cost units: Milk, Tea, Wheat and Egg.

Part- II

Q2 Only Focused-Short Answer Type Questions- (Answer Any Eight out of Twelve) (6 x 8)

- ☒ Distinguish between cost centre and cost unit.
- ☒ What is interprocess profit?
- ☒ Briefly describe Labour Variance.
- ☒ Distinguish between Budgetary control and standard costing
- ☒ Explain Machine Hour Rate.
- ☒ Distinguish between Joint Product and Byproduct.
- ☒ What do you mean by Cost Reduction?
- ☒ Discuss the functional Budgets.
- ☒ Explain Break Even Analysis in brief.
- ☒ Explain Labour Hour Rate with example.
- ☒ How do you apportion the overhead?
- ☒ How do you treat Abnormal Loss in Process Costing?

Part-III

Only Long Answer Type Questions (Answer Any Two out of Four)

- Q3 What is significance of the term Variance in standard costing? Explain all the Material Variances with numerical illustration. (16)
- Q4 Magma Ltd manufactures and sells a standard product at fixed selling price. The budgeted figures for the year 2019 are as under: (16)
- | | |
|---------------------|--------------------------|
| Production and sale | 2,00,000 units |
| Variable Cost | Rs 56 per unit |
| Fixed Cost | Rs 48,00,000 per Annum |
| Profit Margin | 33 1/3% of selling price |
- You are required to determine selling price per unit and Sales at Break Even Point in terms of quantity and value at the above selling price.
- Q5 Describe briefly the main features of Process costing. Compare Job Costing with process costing. (16)
- Q6 What do you understand by Absorption of overhead? Describe various methods of absorption of factory overhead. (16)

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Total Number of Pages : 02

IMBA
16IMN305

3rd Semester Regular/Back Examination 2019-20

COST ACCOUNTING

BRANCH : IMBA

Max Marks : 100

Time : 3 Hours

Q.CODE : HRB844

Answer Question No.1 (Part-1) which is compulsory, any EIGHT from Part-II and any TWO from Part-III.

The figures in the right hand margin indicate marks.

Part-I

(2 x 10)

Q1 Only Short Answer Type Questions (Answer All-10)

- a) Give two examples of Variable cost.
- b) What is Break Even Chart?
- c) What is Uniform Costing?
- d) Give two examples of Office Overhead.
- e) What do you mean by master Budget?
- f) What do you mean by Marginal Costing?
- g) How do you compute Margin of Safety?
- h) What is the formula for computing Sales Variance?
- i) How do you compute Factory Cost, State
- j) Distinguish between Contribution and Profit.

Part-II

Q2 Only Focused-Short Answer Type Questions- (Answer Any Eight out of Twelve) (6 x 8)

- a) What is Zero based Budgeting?
- b) Discuss Material Variances.
- c) How do you compute profit on incomplete contracts?
- d) Distinguish between Cost Reduction and Cost Control.
- e) What do you mean by Inter Process Profit?
- f) Distinguish between Job costing and Contract Costing.
- g) What is meant by Absorption of Overhead?
- h) What do you mean by Labour Turn Over?
- i) How do you compute Labour Hour Rate?
- j) Distinguish between Joint Product and Byproduct.
- k) Distinguish between Cost Centre and Profit Centre.
- l) Find breakeven point from the following
Fixed Cost – Rs 500000
Variable Cost Rs 25 per unit
Selling Price Rs 50 per unit

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Part-III

Only Long Answer Type Questions (Answer Any Two out of Four)

Q3 Describe briefly the main features of Process Costing. Also compare Process Costing with Job Costing. (16)

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Q4 From the following particulars calculate (i) Contribution (ii) P/V Ratio (iii) Break Even Point in units and in Rupees (iv) What will be the selling price per unit if the Break Even Point is brought down to 25000 units? (16)

Fixed Expenses Rs 1,50,000

Variable Cost Rs 10

Selling Price per unit Rs 15

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Q5 A product passes through two distinct processes P, Q and thereafter to finished stock. You are required to prepare the process accounts from the information given below. (16)

Process P

Material Consumed

Rs 25,000

Rs 20,000

Direct Labour

Rs 15,000

Rs 10,000

Manufacturing Expenses

Rs 5,000

Rs 4,000

Input in process (units)

10,000

-

Input in process (Value)

Rs 10,000

Output in units

9400

8300

Normal Loss (% of output)

5%

10%

Value of normal wastage

Rs 8

Rs 10

(per 100 units)

258 258 258 258 258 258 258 258

- Q6** a) Distinguish between Standard Costing and Budgetary Control (8)
b) Explain the term Variance and distinguish between controllable and uncontrollable variance (8)

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MBA
15MNG301

3rd Semester Regular Examination 2018-19
COST AND MANAGEMENT ACCOUNTING

BRANCH : MBA

Time : 3 Hours

Max Marks : 100

Q CODE : E002

Answer Question No.1 (Part-1) which is compulsory, any EIGHT from Part-II and any TWO from Part-III.

The figures in the right hand margin indicate marks.

Part- I

Q1 Short Answer Type Questions (Answer All-10) (2x10)

- Distinguish between cost centre and profit centre.
- What are cost units? Give examples of cost units for five items of services and products.
- Explain the uses of MHR.
- In what way learning curves have significance in Cost Accounting?
- Distinguish between cost reduction and cost control
- Give examples of joint products and by-products two each.
- What is ZBB? Explain its utilities.
- What does it imply if the angle of incidence is more than average?
- What is batch costing method? Where is it used?
- What do you mean by disposal of variances?

Part- II

Q2 Focused-Short Answer Type Questions- (Answer Any EIGHT out of TWELVE) (6x8)

- What is CPV analysis? Discuss its applicability in managerial decisionmaking.
- Calculate the break even number of candidates from the following information and show a verification table indicating there is no profit or no loss position:
Fees collected per candidate Rs 100
Variable cost per candidate Rs 60
One supervisor remuneration per 100 candidates is Rs 400
Fixed cost is Rs 40,000
- What are the methods of costing? Explain their adaptability in different industries.
- What is ABC analysis? What are its advantages?
- Discuss the principles of apportionment.
- Explain different methods of absorption of overhead.
- Distinguish between job costing and contract costing.
- How would you deal with by-products in costing
 - Where they are of small total value
 - Where they are of considerable total value
 - Where they require further processing.
- What is service costing? What are its features? To which type of industries, this is suitable?
- Explain the limitations of budgetary control
- Explain the different types of budgets. Also explain key factor in any budgeting system.

l) Calculate the following :

- Total sales variance
- Salesmix variance
- Sales Price variance
- Sales Quantity variance
- Sales volume variance

Data are as follows :

Product	Standard units	Standard Rate	Actual units	Actual Rate
A	5000	5	6000	6
B	4000	6	5000	5
C	3000	7	4000	8

Part-III

Long Answer Type Questions (Answer Any TWO out of FOUR)

Q3 A factory uses a job costing system. The following cost data are available from the books for the year ended 2017-18. (16)

Direct Material : Rs 9,00,000

Direct Wages: Rs 750,000

Selling and Distribution Overheads Rs 5,25,000

Administrative Expenses Rs 4,20,000

Factory Overheads Rs 4,50,000

Profit Rs 6,09,000

a. Prepare a cost sheet indicating all details

b. In 2018-19, the factory had received an order for a number of jobs. It is estimated that the direct materials would be Rs 12,00,000 and direct labor would cost Rs 7,50,000. What would be the price of these jobs if the factory intends to earn the same rate of profit on sales assuming that the selling and distribution overhead has gone up by 15%. The factory recovers factory overhead as a percentage of direct wages and administrative and selling and distribution overhead as a percentage of works cost, based on the cost rates prevalent in the previous year.

Q4 What are the different methods of pricing of material issues? Discuss the relative advantages and disadvantages of FOUR different methods. (16)

Q5 Define budgetary control. What are its characteristics? Explain the advantages and the pre-requisites to have an effective budgetary control system in a manufacturing organization. (16)

Q6 a) Discuss what do you know about standard cost and standard costing. (8)
b) Explain the advantages and difficulties in installing a sound standard costing system. (8)

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Total Number of Pages: 03

MBA
15MNG301

3rd Semester Regular Examination 2017-18

Cost and Management Accounting

BRANCH: MBA

Time: 3 Hours

Max Marks: 100

Q.CODE: B676

**Answer Question No.1 and 2 which are compulsory and any four from the rest.
The figures in the right hand margin indicate marks.**

Q1 Answer the following questions:

(2 x 10)

- How can a Management Accountant help in formulating a strategy?
- What is the relevant range? How does the relevant range explain cost behavior?
- Distinguish between inventoriable costs and period costs.
- Could a company producing multiple products compute its break even point? How?
- Define cost pool, cost tracing, cost allocation and cost allocation base.
- What is an activity based approach to designing a costing system?
- What factors reduce the effectiveness of the companies' budgeting?
- Distinguish between a favourable variance and an unfavourable variance in terms of cost and revenue.
- What are the factors that affect the break-even point under variable costing and absorption costing?
- Describe two potential problems that should be avoided in relevant cost analysis?

Q2 Fill up the blanks in the following questions.

(2x10)

- A cost that is computed in advance before production starts is-----.
- Cost accounts should provide information which would enable the management to fix remunerative-----.
- costs are not assigned to the product but are charged as expenses against revenue.
- Under ABC analysis, A stands for-----items.
- When contract is not complete at the end of the financial year, loss on incomplete contract is transferred to-----.
- The cost unit in an electric generating company is -----, where as in a hospital it is -----.
- Avoidable losses arising from the nature of the production process is termed as----- and unavoidable loss is-----.
- Marginal costing does not include -----cost.
- A written document that guides the executive in preparing budgets is termed as -----.
- Shortcomings of the traditional budget is rectified by -----budget.

- Q3 a) X Ltd. has been offered a choice to buy either Machine A or Machine B. You are required to compute BEP for each of the machines**
The level of sales at which both the machines can earn equal profits
The range of sales at which one machine is more profitable than the other.

(7.5)

The relevant data are as follows:

Machine	A	B
Annual outputs in units	12,000	12,000
Fixed cost	30,000	16,000
Profit above the level of production	30,000	24,000
The market price is expected to be Rs 10.00 per unit.		

- b) The profit / volume ratio of X Ltd is 50% and the margin of safety is 40%. You are required to compute the net profit if sales volume is Rs 50,000. (7.5)

- Q4 a) SP Ltd's selected data for the month of August related to current year are presented below (in thousand rupees): (10)

Beginning work - in progress inventory	2,000
Beginning direct materials inventory	900
Direct materials purchased	3,600
Direct materials used	3,750
Variable manufacturing overhead	2,500
Total manufacturing overhead	4,800
Total manufacturing cost	16,000
Cost of goods manufactured	16,500
Cost of goods sold	17,000
Ending finished goods inventory	1,250
Calculate the following costs:	
a) Direct Materials Inventory as on 31st August.	
b) Fixed manufacturing overhead costs for August	
c) Direct manufacturing labour cost for August	
d) Work in progress inventory as 31st August	
e) Goods available for sale in August	
f) finished goods inventory as on 31st August	

- b) What are the factors that affect the classification of cost as direct or indirect? (5)

- Q5 a) What are the different costing methods available? Name the industries which use these costing methods? (5)

- b) From the following data relating to two different vehicles A and B, compute the cost per running mile: (10)

Particulars	A	B
Annual Mileage run	15,000	6,000
Cost of vehicles	25,000	15,000
Annual Road Licence	750	750
Annual Insurance	700	400
Annual Garage Rent	600	500
Annual Supervision, Salaries etc	1,200	1,200
Driver Wage per hour	8	8
Cost of petrol per litre	60	60
Miles run per litre	20	20
Repair charges per mile	0.20	0.20
Tyre allocation per mile	0.80	0.60
Estimated life of the vehicle	1 lakh miles	75,000 miles

You are to charge interest on cost of vehicles at 5% per annum. The vehicles run 20 miles per hour on an average.

Q6

Discuss the following terms with appropriate formula and diagrams, if any:
BEP
Margin of safety
Key factor
P/V Ratio
Sensitivity analysis

(15)

Q7 a)

A glass manufacturing company requires you to calculate and present the budget for the next year from the following information:

Sales:

- a. Toughened glass Rs 3,00,000
b. Bent Toughened glass Rs 5,00,000

(10)

Direct Material Cost	60 % of sales
Direct Wages	20 workers at Rs150 per month
Factory Overheads	
Indirect Labour Works Manager	Rs 500 per month
Foreman	Rs 400 per month
Stores and spares	2.5% on sales
Depreciation on machinery	Rs 12,600
Light and Power	Rs 5,000
Repairs and Maintenance	Rs 8000
Other sundries	10% on direct wages
Administration, Selling and Distribution Expenses	Rs 14,000 per year

b) Distinguish between ideal standard and normal standard.

(5)

Q8

Write short notes on any TWO :

- a) Importance of sales variance
b) Secondary distribution of overhead
c) Job Costing vs Process costing
d) Objectives of material control

(7.5x2)

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Total Number of Pages: 03

MBA
15MNG301

3RD Semester Regular Examination 2016-17

COST AND MANAGEMENT ACCOUNTING

BRANCH: MBA

Time: 3 Hours

Max Marks: 100

Q.CODE: Y805

**Answer Part-A which is compulsory and any four from Part-B.
The figures in the right hand margin indicate marks.**

Part – A (Answer all the questions)

Q1 Fill in the gaps for the following questions: **(2 x 10)**

- a) Responsibility Centre can be categorised into----- and -----:
- b) Cost can be either ----- or -----depending on nature of variability.
- c) Conversion cost includes cost of converting.....into.....
- d) The method of costing to be applied in case of Nursing Home is -----
whereas in the bicycle industry it is-----.
- e) Two Material control techniques are -----and -----.
- f) Allotment of whole item of cost to a cost centre or cost unit is known as-----
-----and ----- is a method of cost absorption.
- g) In process costing there are generally loss of two types namely----- and -----
-----.
- h) In 'make or buy' decision, it is profitable to -----from outside only when the
supplier's price is below the firm's own -----.
- i) A budget which is prepared in a manner so as to give the budgeted cost for
any level of activity is known as-----where as -----is a
summary form of budget.
- j) Service costing should be used by -----organization and should not be used
by-----organization.

Q2 Answer the following questions: **Short answer type** **(2 x 10)**

- a) Explain profit centre ?
- b) Name various material cost variances with formula.
- c) What is cost reduction?
- d) What is the difference between standard costing and budgetary control.
- e) What is a sales budget?
- f) What is primary distribution?
- g) How can PV Ratio be improved ?
- h) How is fixed cost treated in marginal costing ?
- i) Differentiate between joint product and by-product.
- j) Explain the managerial relevance of Learning Curves.

Part – B (Answer any four questions)

Q3 a) What is Cost Accounting? What are the objectives of costing? How is it **(15)**

different from Financial Accounting?

- Q4** a) Explain the concepts of methods of costing and techniques of costing (8)
 b) Draw a statement of cost from the following particulars: (7)

	Rs.
Opening stock:	
Materials	2,00,000
Work-in-progress	60,000
Finished goods	5,000
Closing stock:	
Materials	1,80,000
WIP	50,000
Finished goods	15,000
Materials purchased	5,00,000
Direct wages	1,50,000
Manufacturing expenses	1,00,000
Sales	8,00,000
Selling and distribution expenses	20,000

- Q5** a. Calculate the economic ordering quantity from the following information: (7)
- | | |
|------------------------------------|-----------------|
| Consumption of material per annum | 10,000 kg |
| Ordering cost per order | Rs.50 |
| Cost per kilogram of raw-materials | Rs.2 |
| Store cost | 8% on inventory |

- b. The following is an extract of the record of receipts and issues of Sulphur in a factory during November 2015: (8)

1 January	Opening balance is 500 ton at Rs.100 per ton
3	Issue: 70 ton
4	Issue: 100 ton
8	Issue: 80 ton
13	Received 200 ton at Rs.95 per ton
14	Return from department 15 ton
16	Issue: 180 ton
20	Received from supplier 240 ton at Rs.95 ton
24	Issue: 300 ton
25	Received from supplier 320 ton at Rs.95 per ton
26	Issue: 115 ton
27	Return from department 35 ton
28	Received from supplier 100 ton at Rs.95 per ton

Issues are to be priced on the LIFO principle.

- Q6** a) A company incurs the following expenses to produce 1,000 units of an article: (10)
- | |
|---|
| Direct Materials – Rs 30,000 |
| Direct Labour – Rs 15,000 |
| Power (20 % fixed) – Rs 10,000 |
| Repairs and maintenance (15 %) – Rs 8,000 |
| Depreciation (40 % variable) – Rs 6,000 |
| Administrative Expenses (100 % fixed) – Rs 12,000 |
- Prepare a flexible budget showing individual expenses of production at 1,500

units and 2,000 units.

b) Explain the concepts of ZBB and Performance Budgeting (5)

Q7 a) The P/V ratio of SR company is 50 % and its margin of safety is 40 %. You are required to work out the break-even point and the net profit if sales volume is R 50 lakhs. (7)

b) Draw a break even chart and explain the different parts with formulae to compute the same. (8)

Q8 From the data given find out – (15)

i) P/V Ratio

ii) B.E. Point

iii) Profit when sales is Rs 1,80,000

iv) Sales needed to make Rs 12,000 profit

v) Margin of safety in 2015

If in 2014 sales is Rs 1,20,000 and profit is Rs 8,000

And in 2015 sales is Rs 1,40,000 and profit is Rs 13,000

Registration No:

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Total number of printed pages : 02

MBA
MGT 302

THIRD SEMESTER REGULAR/BACK EXAMINATION, 2015-16

COST MANAGEMENT

BRANCH : MBA

QUESTION CODE : T329

Max marks: 70

Time: 3 Hours

Answer Question No.1 which is compulsory and any five from the rest.

[The figures in the right hand margin indicate marks]

- Q.1 Answer the following questions : 2x10
- (a) Distinguish between 'Cost Centre' and 'Cost Unit'.
 - (b) Explain in brief the explicit cost with examples.
 - (c) Discuss 'Profit Centre'.
 - (d) Distinguish between 'Time and Motion' study.
 - (e) What is 'Cost allocation' and 'Cost apportionment' ?
 - (f) Define 'Cost plus Contract'.
 - (g) What is service cost unit ?
 - (h) Distinguish between Joint-products and By-products.
 - (i) What is margin of safety ?
 - (j) Write two features of flexible budget.
- Q.2 Discuss Cost classification based on variability and controllability. 10
- Q.3 Product X takes 20 hours to process on Machine No.AB. It has a selling price of Rs.100.00 and marginal cost of Rs. 60.00. Y(a component part used in production) could be made on machine no. AB in 3 hours for marginal cost of Rs.5.00 . The supplier's price is Rs.10.00. Should one make or buy? 10
- Discuss in both situations
- (i) When machine no AB is working at full capacity and
 - (ii) When there is idle capacity. What are other non-cost considerations to be kept in mind in such cases?
- Q.4 What is the fundamental difference between Activity Based Costing (ABC) and Traditional System ? Why more and more organizations in both the manufacturing and non-manufacturing industries are adopting ABC ? 10
- Q.5 Compute a conservative estimate of profit on a contract (which has been 80% complete) from the following data and illustrate four methods of computing profit. 10
- | | | |
|--|---|-------------|
| Total expenditure to date | - | Rs.1,70,000 |
| Further expenditure to complete the contract | - | Rs. 34,000 |
| Contract price | - | Rs.3,06,000 |
| Work certified | - | Rs.2,00,000 |
| Cash received | - | Rs.1,63,200 |

- Q.6 The Standard labour employment and actual labour employment and the actual labour engaged in a week for a job are as under:

Particulars	Skilled Worker	Semi-Skilled workers	Unskilled Workers
Standard no. workers in the gang	32	12	6
Actual no. of workers employed	28	18	4
Standard wage Rate per Hour(Rs)	3.00	2.00	1.00
Actual wage rate per hour(Rs.)	4.00	3.00	2.00

During 40 hours working week, the gang produced 1800 standard labour hours of work .

Calculate

- (a) Calculate Labour Cost Variance
- (b) Labour Rate Variance
- (c) Labour Efficiency Variance
- (d) Labour Mix Variance

- Q.7 A Co. sells its product at Rs.15 per unit. In a period if it produces and sells 8000 units, it incurs a loss of Rs.5/- per unit. If the volume is raised to 20,000 units it earns a profit of Rs.4/- per unit. 10

Calculate break-even point both in terms of rupees as well as in units.

- Q.8 Explain the meaning and importance of Flexible budgeting as a tool of control. 10

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Registration No. :

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Total number of printed pages – 3

MBA
MGT 302

Third Semester Regular Examination – 2014

COST MANAGEMENT

BRANCH : MBAR

QUESTION CODE : H 416

Full Marks – 70

Time : 3 Hours

Answer Question No. 1 which is compulsory and any **five** from the rest.

The figures in the right-hand margin indicate marks.

1. Answer the following questions : 2 × 10
 - (a) Define cost and cost accounting.
 - (b) Distinguish between cost centre and profit centre.
 - (c) What is relevant cost ?
 - (d) State the use of EBQ in manufacturing co.
 - (e) Explain escalation clause.
 - (f) What is margin of safety ?
 - (g) State the meaning of CVP analysis.
 - (h) What is shutdown cost ?
 - (i) What do you mean by rolling budget ?
 - (j) Standard costs are based on past performance comment.
2. He is said that "cost accounting is a system of foresight and not a post-mortem examination, it turns losses into profits, speeds up activities and eliminates wastes". Discuss this statement. 10

3. Briefly describe : 10

(a) Allocation of overheads

(b) Economic order quantity (EOQ).

4. A contractor makes up his accounts to 31st December each year. He started a new contract on 1st April, 2010. The information relates to the contract on 31st December, 2010.

Rs.

Material 21,500

Labour 50,110

Direct Exp. 6,310

A machine costing Rs. 15,000/- has been on site for 73 days. Its working life is estimated at 5 years and its final scrap value is Rs. 1000. A supervisor, who is paid Rs. 12,000/- per annum has spent approximate $\frac{1}{2}$ of his time on this contract. Other expenses amounted to Rs. 12,610/- materials at site Rs. 2,00,000- $\frac{2}{3}$ rd was completed. Architectures Certificate has been issued costing Rs. 1,00,000 and Rs. 80,000 has been paid on account. Before contract Account and show how much profit or loss should be transferred to P/L Account. 10

5. The P/V Ratio of a firm dealing in precision instruments is 50% and margin of safety 40%. You are required to compute breakeven point and net profit if the sales volume is Rs. 50,000. If 25% of variable cost is labour cost. What will be effect on BEP ? 10

6. Prepare a flexible budget for overheads on the basis of the following data. Ascertain the overhead rates at 50% and 70%. 10

At 60% Capacity

<u>Variable overheads</u>	<u>Rs.</u>
Indirect Material	6,000
Indirect labour	18,000
<u>Semi-variable overheads</u>	
Electricity (40% fixed)	30,000
Repairs (80% fixed)	3,000
<u>Fixed overheads</u>	
Depreciation	16,500
Insurance	4,500
Salaries	5,000
<hr/>	
Total overheads	93,000
Estimated direct labour hours	1,86,000

7. What do you mean by the term 'Cost reduction'. Compare and contrast cost control and cost reduction. 10
8. What are various methods of remunerating labour ? Explain any four of them. 10

Registration No. :

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Total number of printed pages – 4

MBA
MBA 301

Third Semester Examination – 2012-13
COST AND MANAGEMENT ACCOUNTING

Full Marks – 70

Time : 3 Hours

*Answer Question No. 1 & 2 which are compulsory and any **four** from the rest.*
The figures in the right-hand margin indicate marks.

1. Answer the following questions :

2 × 10

- (a) What do you mean by a by-product ?
- (b) What do you mean by Activity ratio ?
- (c) How do you calculate Profit on incomplete contract if the value of Work completed is more than 25% and less than 50% ?
- (d) A company earns a profit of Rs 30,000. If the P/V ratio is 50%, find Margin of Safety.
- (e) Why is flexible budget prepared ?
- (f) What do you mean Break Even Chart ?
- (g) How do you account for abnormal loss in process costing ?
- (h) What do you mean by Labour Rate of Pay variance and how is it calculated ?
- (i) Give examples of two industries where Process Costing is followed.
- (j) Give appropriate cost units of Soft drinks and Petrol.

2. **CASE STUDY :**

10

Agrocaps Ltd engaged in manufacturing agricultural machinery is completely marketing their products in the domestic market. The company is currently

P.T.O.

operating at 80% capacity. The gross sales in the previous year are Rs. 32, 00,000. The following particulars have been extracted from the previous year records of the company.

Direct Materials	Rs. 10, 00,000
Direct Wages	Rs. 4, 00,000
Variable Overheads	Rs. 2, 00,000
Fixed Overheads	Rs. 13, 00,000

An export order has been received from Sri Lanka that would utilize 50% of the capacity of the factory. The conditions of the export order clearly state that the order has to be executed in full and cannot be split or else rejected totally. The offer price of the agricultural machinery is 10% below the normal domestic price. The alternatives available with the management are :

- (a) Reject the export order and continue with the domestic sales only as at present.
- (b) Accept the order, split the capacity between domestic and overseas sales and turn away the excess domestic demand.

Prepare a comprehensive statement of profitability and suggest the best alternative.

3. (a) When does the need of reconciliation of Cost Account and Financial Accounts arise ? 5
- (b) Distinguish between Cost Reduction and Cost control. 5
4. Sapphire Limited furnishes the following information relating to the half year ending 30th June 2009.

Fixed expenses	Rs. 50,000
Sales	Rs. 2,00,000
Profit	Rs. 50,000

During the second half of the same year, the company has projected a loss of Rs. 10, 000.

Calculate :

10

- The P/V ratio, break-even point and margin of safety for six months ending 30th June, 2009.
- Assuming that selling price and fixed expenses remain unchanged in the second half Year, find expected sales volume for second half of the year.
- Calculate the break-even point and margin of safety for the whole year 2009.

5. From the following data, calculate material variances. 10

Material	Standard Quantity	Rate (Rs)	Actual Quantity	Rate (Rs)
X	50	12	45	14
Y	40	11	35	12
Z	30	10	40	11

Due to shortage of X , it was decided to reduce its consumption by 10 and increase the consumption of Y and Z by 6 and 4 respectively.

6. In a manufacturing concern the product passes through two processes A and B before passing to finished stock. It is estimated that in each process normal loss is 5% of total weight. The following information relating to both the processes are obtained. 10

	Process-A	Process-B
Raw Materials (units)	4,000	1,040
Cost of materials per unit (Rs.)	125	200
Wages (Rs.)	280,000	2,00,000
Manufacturing expenses (Rs.)	80,000	50,250
Office overhead	100000	1,20,000
Output in units	960	1000

Prepare Process Cost Accounts. There was no stock or work-in-progress in any Process.

7. Define a Master budget. Discuss the advantages and limitations of budgetary control system. 10
8. What do you mean by 'Cost Volume Profit Analysis' ? Discuss its main features and useful contributions to the management for decision making. 10

Registration No. :

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Total number of printed pages – 3

MBA
MGT 302

Third Semester Regular Examination – 2014

COST MANAGEMENT

BRANCH : MBAR

QUESTION CODE : H 416

Full Marks – 70

Time : 3 Hours

*Answer Question No. 1 which is compulsory and any **five** from the rest.*

The figures in the right-hand margin indicate marks.

1. Answer the following questions : 2 × 10
 - (a) Define cost and cost accounting.
 - (b) Distinguish between cost centre and profit centre.
 - (c) What is relevant cost ?
 - (d) State the use of EBQ in manufacturing co.
 - (e) Explain escalation clause.
 - (f) What is margin of safety ?
 - (g) State the meaning of CVP analysis.
 - (h) What is shutdown cost ?
 - (i) What do you mean by rolling budget ?
 - (j) Standard costs are based on past performance comment.
2. He is said that "cost accounting is a system of foresight and not a post-mortem examination, it turns losses into profits, speeds up activities and eliminates wastes". Discuss this statement. 10

P.T.O.

3. Briefly describe : 10

(a) Allocation of overheads

(b) Economic order quantity (EOQ).

4. A contractor makes up his accounts to 31st December each year. He started a new contract on 1st April, 2010. The information relates to the contract on 31st December, 2010.

Rs.

Material 21,500

Labour 50,110

Direct Exp. 6,310

A machine costing Rs. 15,000/- has been on site for 73 days. Its working life is estimated at 5 years and its final serape value is Rs.1000. A supervisor, who is paid Rs.12,000/- per annum has spent approximate $\frac{1}{2}$ of his time on this contract. Other expenses amounted to Rs. 12,610/- materials at site Rs. 2,00,000- 2/3rd was completed. Architectures Certificate has been issued corasing Rs.1,00,000 and Rs.80,000 has been paid on account. Before contract Account and show how much profit or loss should be transferred to P/L Account. 10

5. The P/V Ratio of a firm dealing in precision instruments is 50% and margin of safety 40%. You are required to compute breakeven point and net profit if the sales volume is Rs. 50,000. If 25% of variable cost is labour cost. What will be effect on BEP ? 10

6. Prepare a flexible budget for overheads on the basis of the following data. Ascertain the overhead rates at 50% and 70%. 10

At 60% Capacity

<u>Variable overheads</u>	<u>Rs.</u>
Indirect Material	6,000
Indirect labour	18,000
<u>Semi-variable overheads</u>	
Electricity (40% fixed)	30,000
Repairs (80% fixed)	3,000
<u>Fixed overheads</u>	
Depreciation	16,500
Insurance	4,500
Salaries	5,000
Total overheads	93,000
Estimated direct labour hours	1,86,000

7. What do you mean by the term 'Cost reduction'. Compare and contrast cost control and cost reduction. 10
8. What are various methods of remunerating labour? Explain any four of them. 10