Registration No: | | | | | | | | | | |

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)**

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

Q2 **Fill up the blanks in the following questions.** **(2x10)**

a) A cost that is computed in advance before production starts is------------.
b) Cost accounts should provide information which would enable the management to fix remunerative--------------------.
c) ------------costs are not assigned to the product but are charged as expenses against revenue.
d) Under ABC analysis, A stands for--------------items.
e) When contract is not complete at the end of the financial year, loss on incomplete contract is transferred to----------------------.
f) The cost unit in an electric generating company is -----------------.where as in a hospital it is ---------.
g) Avoidable losses arising from the nature of the production process is termed as------------ and unavoidable loss is---------.
h) Marginal costing does not include ------------------cost.
i) A written document that guides the executive in preparing budgets is termed as ------------------------.
j) 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 **(7.5)**
BEPfor 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.

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 is 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 repees): **(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 aug
c) Direct manufacturing labour cost for aug
d) Work in progress inventory as 31st aug
e) Goods available for sale in aug
f) finished goods inventory as on 31st aug

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	6000
Cost of vehicles	25,000	15,000
Annual Road Licence	750	750
Annual Insurance	700	400
Annual Garrage Rent	600	500
Annual Supervision,Salariesetc	1200	1200
Driver Wageper hour	8	8
Cost of petrol per litre	60	60
Miles run per liter	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 20miles per hour on an average.

Q6 Discuss the following terms with appropriate formula and diagrams, if any: **(15)**

BEP
Margin of safety
Key factor
P/V Ratio
Sensitivity analysis

Q7 a) A glass manufacturing company requires you to calculate and present the budget for the next year from the following information: **(10)**

Sales:
a.Toughened glass Rs 3,00,000
b. Bent Toughened glassRs 5,00,000

Direct Material Cost	60 % of sales
Direct Wages	20 workers at Rs150 per month
FactoryOverheads	
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 :** **(7.5x2)**

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