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Total Number of Pages: 03

**MBA**  
**15MNG301**

**3<sup>RD</sup> 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)**

- Responsibility Centre can be categorised into----- and -----:
- Cost can be either ----- or -----depending on nature of variability.
- Conversion cost includes cost of converting.....into.....
- The method of costing to be applied in case of Nursing Home is -----  
whereas in the bicycle industry it is-----.
- Two Material control techniques are -----and -----.
- Allotment of whole item of cost to a cost centre or cost unit is known as-----  
-----and ----- is a method of cost absorption.
- In process costing there are generally loss of two types namely----- and -----  
---
- In 'make or buy' decision, it is profitable to -----from outside only when the  
supplier's price is below the firm's own -----.
- 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.
- 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)**

- Explain profit centre ?
- Name various material cost variances with formula.
- What is cost reduction?
- What is the difference between standard costing and budgetary control.
- What is a sales budget?
- What is primary distribution?
- How can PV Ratio be improved ?
- How is fixed cost treated in marginal costing?
- Differentiate between joint product and by-product.
- 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