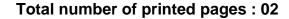
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MBA MGT 302

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 :
 - (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?

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 10 (ABC) and Traditional System ? Why more and more organizations in both the manufacturing and non-manufacturing industries are adopting ABC ?
- Q.5 Compute a conservative estimate of profit on a contract (which has been 10 80% complete) from the following data and illustrate four methods of computing profit.

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

2x10

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 ga	ang	32	12	6
Actual no. of workers employe	d	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.

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 **10** control.

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