

Registration No. :

--	--	--	--	--	--	--	--	--	--

Total number of printed pages – 3

MBA
MBA 301

Third Semester Examination – 2013
COST AND MANAGEMENT ACCOUNTING

QUESTION CODE : C-523

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
- Define 'cost object' by giving two examples.
 - Describe the meaning of cost centre.
 - How cost analysis is useful in decision-making ?
 - What do you understand by "Cost plus Contract" ?
 - Write the formula to compute value of abnormal effectives ?
 - Give two reasons for disagreement in profit or loss ascertained in Cost Accounts and Financial Accounts.
 - What is joint products ?
 - State the meaning of margin of safety.
 - What do you mean by budgetary control ?
 - State two important advantages of standard costing.
2. X Ltd. has an annual production of 90,000 units for a motor component. The component's cost structure is as given below : 10
- | | |
|---------------------|-----------------|
| Material | Rs.270 per unit |
| Labour (25% fixed) | Rs.180 per unit |
| Expenses – Variable | Rs. 90 per unit |
| Fixed | Rs.135 per unit |
| | <hr/> |
| | Rs.675 per unit |

P.T.O.

- (i) The purchase manager has an offer from a supplier, who is willing to supply the component at Rs.540. Should the component be purchased and production stopped ?
- (ii) Assume the resources now used for this components manufacturing are to be used to produce another new product for which the selling price is Rs.485. In this case material price will be Rs.200 per unit. 90,000 units of this product can be produced at the same cost basis as above for labour and expenses. Discuss whether it would be advisable to divert the resources to manufacture the new product, on the footing that the component presently being produced would, instead of being produced, be purchased from the market.
3. (a) Distinguish between 'Cost Accounting' and 'Financial Accounting'. 5
 (b) Discuss cost classification based on variability and controllability. 5
4. Contract works may be at different stages of completion at the end of an accounting period. Explain clearly how you will compute profits in respect of such incomplete contract works. 10
5. A product passes through two distinct processes I and II and thereafter to finished stock. From the particulars given below, you are required to prepare process Accounts. 10

	Process-I (Rs)	Process-II (Rs)
Materials consumed	12,000	6,000
Direct labour	14,000	8,000
Manufacturing expenses	4,000	4,000
Input in Process-I (Units)	10,000	—
Input in Process-I (Values)	10,000	—
Output (Units)	9,400	8,300
Normal wastage (% of input)	5%	10%
Value of normal wastage (per 100 units)	Rs 8	Rs 10

6. State the reasons for the difference between the profits shown in the cost accounts and those shown in financial accounts of an industrial organization. 10

7. The following data are obtained from the records of a company. 10

	<u>1st year (Rs)</u>	<u>2nd year (Rs)</u>
Sales	80,000	90,000
Profit	10,000	14,000

Calculate P/V ratio, Fixed cost and Break-even Sales.

8. From the following figures calculate : 10

- a. Efficiency ratio
- b. Activity ratio
- c. Capacity ratio

Budgeted Production :	880 units
Actual Production :	750 units
Standard hours per unit :	10
Actual working hours :	6000

