INDIAN MARITIME UNIVERSITY
(A Central University, Government of India)

May/June 2016 End Semester Examinations

Master of Business Administration (MBA)
INTERNATIONAL TRANSPORTATION AND LOGISTICS /
PORT AND SHIPPING MANAGEMENT
Second Semester (From 2015-2016 batch onwards)

Cost and Management Accounting (PG21T2202/ PG22T2202)

Date: 09.06.2016 — Maximum Marks: 60
Time: 3 Hrs — Pass Marks : 30

SECTION - A (12 x 1 = 12 Marks)

Answer ALL the questions

1. Management accounting involves
   a. Preparation of financial statements
   b. Analysis and interpretation of data
   c. Recording of transactions
   d. Classification of transactions

2. Fixed cost per unit increase when
   a. Production volume decrease
   b. Production volume increase
   c. Variable cost per unit increase
   d. Variable sot per unit decrease

3. The term Current Assets does not include:
   a. Payment in Advance
   b. Preliminary Expenses
   c. Accounts Receivables
   d. Marketable Securities

4. The three most useful general-purpose financial statements for management are:
   a. Income Statement, Balance Sheet and Statement of Retained Earnings
   b. Income Statement, Balance Sheet and Statement of Changes in Financial Position
   c. Balance Sheet, Statement of Retained Earnings and Statement of Funds Flow
   d. Balance Sheet, Statement of Retained Earnings and Statement of Cash Flow

5. When Sales are Rs 1.00 lakhs, fixed cost Rs 30,000 P/V ratio 40% the amount of profit will be:
   a. Rs 30,000
   b. Rs 40,000
   c. Rs 12,000
   d. Rs. 10,000

6. Period cost means
   a. Fixed Cost
   b. Variable Cost
   c. Prime Cost
   d. Historical Cost

7. Long term solvency is indicated by :
   a. Current ratio
   b. Debt/ Equity ratio
   c. Working capital ratio
   d. Net profit ratio

8. Sales budget is a
   a. Cash budget
   b. Master budget
   c. Functional budget
   d. General budget

9. Increase in a fixed asset due to purchase is
   a. Source of funds
   b. Use of funds
   c. No flow of funds
   d. Profit

10. When material cost variance is Rs.500 [Adverse] and material price variance is Rs.400 [Favorable], the material usage variance will be:
    a. Rs.100 [Adverse]
    b. Rs.100 [Favorable]
    c. Rs.900 [Adverse]
    d. Rs.900 [Favorable]

11. Which of the following is NOT a cash outflow for the firm?
    a. depreciation.
    b. dividends.
    c. interest payments.
    d. taxes.

12. Direct Labour Efficiency Variance is computed by multiplying the
   a. Actual rate with the difference between standard output and actual time
   b. Standard rate with the difference between standard time for actual output and actual time
   c. Standard rate with the difference between standard time for standard output and actual time
   d. Standard rate with the difference between standard time for actual output and standard time

SECTION -B (4 x 5 = 20 Marks)

Answer any FOUR questions not exceeding 200 words

13. Discuss the merits and demerits of Financial and Management accounting
14. What is Comparative financial statement? How are they prepared?
15. Explain the meaning and advantages of flexible Budget.
16. From the following information calculate Material price variance and Material usage variance:

Particulars	Standard			Actual		
	Quantity (kilos)	Unit price(Rs)	Total (Rs)	Quantity (kilos)	Unit price(Rs)	Total (Rs)
Material A	10	2.00	20.00	5	3.00	15.00
Material B	20	3.00	60.00	10	6.00	60.00
Material C	20	6.00	120.00	15	5.00	75.00
Total	**50**	**4.00**	**200.00**	**30**	**5.00**	**150.00**

17. The sales turnover and profit during two periods were as follows :

Period 1	Sales	Rs.8,10,000	Profit	Rs.21,600
Period 2	Sales	Rs.10,26,000	Profit	Rs.64,800

Calculate:

a. P/V Ratio,
b. Fixed cost , and
c. Profit or loss when sales are Rs.6,48,000.

18. Prepare a production Budget for three months ended March 31, 2012 for a factory producing four products, on the basis of the following information;

(in Units)

Product	Opening Stock	Estimated Sales	Closing Stock
A	2,000	10,000	3,000
B	3,000	15,000	5,000
C	4,000	13,000	3,000
D	3,000	12,000	2,000

Sales+CS-OS

19. Draw up a flexible budget for overhead expenses on the basis of the following data and determine the overhead rate at 70% plan capacity

Particulars	80% capacity level
Variable Overheads:	
Indirect labor	12,000
Stores	4,000
Semi-Variable Overheads:	
Power (30% Fixed, 70% Variable)	20,000
Repairs (60% Fixed, 40% Variable)	2,000
Fixed Overheads:	
Depreciation	11,000
Insurance	3,000
Salaries	10,000

Estimate direct labor hours 124000 hours.

SECTION - C (4 x 7 = 28 Marks)

Question No.20 is compulsory. Answer any THREE questions of the remaining five questions. Answer should not exceeding 500 words.

20. With the help of the following ratios regarding Indu films, draw the balance sheet of the company for the year 2010.

Current Ratio	2.5
Liquidity ratio	1.5
Net working capital	Rs. 3,00,000
Stock Turnover ratio (cost of sales /closing stock)	6 times
Gross profit ratio	20%
Fixed Assets turnover ratio (on cost of sales)	2 times
Debt collection period	2 months
Fixed assets to shareholders Net worth	0.80
Reserve and surplus to Share Capital	0.50

21. An analysis of Siltan Manufacturing Co. Ltd., led to the following information:

	Variable Cost (% of Sales)	Fixed cost Rs.
Direct Material	32.8	
Direct Labour	28.4	
Factory Overheads	12.6	1,89,900
Distribution Overheads	4.1	58,400
Administration Overheads	1.1	66,700

Budgeted sales are Rs. 18,50,000. You are required to determine:

(i) the break even sales volume

(ii) the profit at the budgeted sales volume and

(iii) the profit if actual sales drop by 10% from budgeted sale.

22. From the following balance sheets of Arun Ltd. As on 31st December 2008 and 2009 you are required to prepare

a. A statement of changes in working capital
b. A Fund flow statement

Liabilities	2007 (Rs.)	2008 (Rs.)	Assets (Rs.)	2007 (Rs.)	2008(Rs.)
Share Capital	1,00,000	1,00,000	Goodwill	12,000	12,000
General Reserve	14,000	18,000	Building	40,000	36,000
Profit and Loss A/c	16,000	13,000	Plant	37,000	36,000
Sundry Creditors	8,000	5,400	Short term investment	10,000	11,000
Bills Payable	1,200	800	Stock	30,000	23,400
Provision for taxation	16,000	18,000	Bills Receivable	2,000	3,200
Provision for Doubtful debts	400	600	Debtors	18,000	19,000
			Cash at bank	6,600	15,200
	1,55,600	**1,55,800**		**1,55,600**	**1,55,800**

The following additional information has also been given:

(i) Deprecition Charged on Plant was Rs. 4,000 and on Building Rs. 4,000
(ii) Provision for taxation of Rs. 19,000 was made during the year 2008
(iii) Interim dividend of Rs. 8,000 was paid during the year 2008.

23. Briefly explain the various types of budgets.

24. Explain the significance of Standard costing.

25. Prepare Cash Budget for the months of May, June and July 2011 from the following:-

Months	Credit Sales Rs	Credit Purchase Rs	Wages Rs	Manufacturing expenses	Office Expenses Rs	Selling Expenses Rs
March	60,000	36,000	9,000	4,000	2000	4000
April	62,000	38,000	8,000	3,000	1500	5000
May	65,000	33,000	10,000	4,500	2500	4500
June	58,000	35,000	8,500	3,500	2000	3500
July	56,000	39,000	9,500	4,000	1000	4500
August	60,000	34,000	8,000	3,000	1500	4500

a. Cash balance on 1st May, Rs 12,000
b. Plant costing Rs 16000 is due for delivery in July, payable 10% on delivery and the balance after 3 months
c. Advance Tax of Rs 8000 each is payable in March and June.
d. Period of credit allowed (i) by suppliers –two months and (ii) to customers – One month
e. Lag in payment of manufacturing expenses – ½ month
f. Lag in payment of office and selling expenses-One month

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