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

June 2017 End Semester Examinations
Master of Business Administration – Second Semester
International Transportation and Logistics Management/
Port and Shipping Management (2015 batch onwards)

Cost and Management Accounting (PG22T 2202/PG21T 2202)

Date : 09.06.2017	Maximum Marks : 60
Time: 3 Hrs	Pass Marks : 30

Section – A

Answer all the Questions (12x1 mark=12 marks)

1. Direct material costs are added into direct manufacturing costs for calculating are
   a. discuss costs
   b. prime costs
   c. resale cost
   d. merchandise costs

2. Difference between budgeted amounts and actual results are classified as
   a. standard deviation
   b. variances
   c. mean average
   d. weighted average

3. Fixed cost is divided by break even revenues to calculate
   a. cost margin
   b. fixed margin
   c. revenue margin
   d. contribution margin

4. An organistation sold units 4000 and have closing finished goods 3500 units and opening finished goods units were 1000.The quantity of unit produced would be:
   a. 7500 units
   b. 6500 units
   c. 4500 units
   d. 8500 units

5. If, Gross profit = Rs. 40,000 GP Margin = 25% of cost What will be the value of sales ?
    a. Rs. 160,000
    b. Rs. 120,000
    c. Rs. 2,00,000
    d. Can not be determined

6. Cost of goods sold Rs. 30, 000, opening Inventory Rs. 9, 000, Closing inventory Rs. 7,800.What was the inventory turnover ratio?
    a. 3.57 times
    b. 3.67 times
    c. 3.85 times
    d. 5.36 times

7. The component of Factory overhead are as follow
    a. Direct material + Indirect material + Direct expences
    b. Indirect material + Indirect labor + Others indirect cost
    c. Direct material + Indirect expences + Indirect labor
    d. Direct labor + Indirect labor + Indirect expences

8. Which one of the following is not operating activities?
    a. Cash payments of income taxes
    b. Collections from customers
    c. Interest paid
    d. Acquisition of a subsidiary

9. The difference between total current assets and total current liabilities is:
    a. Accounting working capital
    b. Operating working capital
    c. Net assets
    d. Trade working capital

10. If a company's share price falls, then its P/E ratio and dividend yield:
    a. P/E ratio: decrease; Dividend yield: increase
    b. P/E ratio: decrease; Dividend yield: decrease
    c. P/E ratio: increase; Dividend yield: decrease
    d. P/E ratio: increase; Dividend yield: increase

11. The labour rate variance can be calculated by the following equation:
    a. (Standard hours - actual hours) x actual wage rate
    b. Budgeted labour costs - actual labour costs
    c. (Standard wage rate - actual wage rate) x actual hours worked
    d. (Standard wage rate - actual wage rate) x standard hours worked

12. Responsibility accounting aims to:
    a. Allocate costs to all areas of a business
    b. Ensure that costs become the responsibility of a specific manager
    c. Reduce the costs that a department incurs
    d. Ensure that a manager is punished if things go wrong

Section B

Answer any 5 out of 7 questions (5X4 Marks = 20 Marks)

Each answer should not exceed 200 words

13. Define Cost Sheet. Discuss the elements of cost.

14. What is cash flow statement? Explain the merits and demerits of cash flow analysis.

15. Explain the meaning and advantages of Master Budget.

16. The standard cost card reveals the following information:

    Standard labour Rate : 50 paose per hour

    Std. hour required per unit : 10 hours

    Actual data are given below:

Units produced	: 500
Std. hours worked	: 6,000
Actual Labour Cost	: 2,400

    Calculate Labour variances.

17. Assuming the cost structure and selling prices remain the same in periods I and II,

Period	Sales (Rs.)	Total cost (Rs.)
I	1,20,000	1,08,000
II	1,40,000	1,24,000

Calculate:

a. P/V ratio, b. BEP, c. The amount of sales that will enable the business to earn a net profit of Rs 26,000.

18. Calculate current assets, current liability, stock turnover ratio from the following information;

Current ratio : 2.5

Working Capital : Rs. 60,000

Opening Stock : Rs. 29,000

Closing Stock : 31,000

Sales : 3,20,000

Gross profit ratio 25% on sales.

19. Draw up a flexible budget for overhead expenses on the basis of the following data and determine the overhead rate at 100% plan capacity

Particulars	50% capacity level
Variable Overheads:	Rs.
Indirect labor	15,000
Stores	3,000
Semi-Variable Overheads:	
Power (30% Fixed, 70% Variable)	25,000
Repairs (60% Fixed, 40% Variable)	4,000
Fixed Overheads:	
Depreciation	15,000
Insurance	8,000
Salaries	35,000

Estimate direct labor hours - 124000 hours.

Section C

Question No.20 is compulsory (4X7 Marks = 28 Marks)
Answer any 3 out of 5
Answer should not exceed 500 words

20. Prepare Cash Budget for the months of May, June and July 2015 from the following:-

Months	Credit Sales Rs	Credit Purchase Rs	Wages Rs	Office Expenses Rs	Selling Expenses Rs
March	30,000	26,000	7,000	2000	2000
April	32,000	28,000	6,000	1500	3000
May	35,000	23,000	10,000	2500	2500
June	48,000	25,000	4,500	2000	1500
July	46,000	29,000	5,500	1000	2500
August	30,000	24,000	4,000	1500	2500

a. Cash balance on 1st May, Rs 80,000
b. Plant costing Rs 13,000 is due for delivery in July, payable 10% on delivery and the balance after 2 months
c. Advance Tax of Rs 18,000 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 office and selling expenses-One and a half month

21. What do you understand by inter- firm comparison? Explain how Comparative statements are meaning in the inter- firm comparison.

22. What is "Standard Costing"? Differentiate between standard Costing and Historical Costing.

23. With the following ratios and further information given below, prepare a trading account, profit and loss account and a Balance sheet of Shri & Co.

Gross profit ratio	25%	Fixed assets/capital	5/4
Net profit / sales	20%	Fixed assets/ total current assets	5/7
Stock- turnover ratio	10		
Net profit/capital	1/5	Fixed assets	10,00,000
Capital to Total Liabilities	1/2	Closing stock	1,00,000

24. The following details relating to the product X during the year 2016 are available. You are required to compute the material and labour cost variance and also to reconcile the standard and the actual costs with the help of such variances.

Std. cost per unit.

Material 50 kg	@ Rs. 40 per kg
Labour 400 hours	@Re. 1 per hour
Actual cost for the year	
Material 4,900 kgs	@ Rs. 42 per kg
Labour 39,600 hours	@ Rs. 1.10 per hour

Actual production - 100 units

25. An Analysis of Sultan & son manufacturing Co. ltd. Led to the following information.

Cost Element	Variable Cost (% of Sales)	Fixed Costs
Direct Material	32.8	-

Director Labour	28.4	-
Factory Overheads	12.6	1,89,900
Distribution Overheads	4.1	58,400
General 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:

a. Drop by 10%

b. Increase by 5% from budgeted sale.