Indian Maritime University

(A Central University, Govt. of India)
MBA-International Transportation and Logistics Management/
Port and Shipping Management
PG22T2202/PG21T2202 (Semester II)
Cost and Management Accounting
May/June 2018 End Semester Examinations

Time: 3 Hours | Max Marks:60
Date: 29.05.2018 | Pass Marks:30

SECTION A **12 X 1=12 Marks**

Answer all the questions
All the questions carry equal marks

1. The difference between fixed and variable cost has a special significance in the preparation of
   a. Flexible Budget
   b. Master Budget
   c. Cash Budget
   d. Production Budget

2. Preparing Budget figures for different levels for different levels of activity within a range under flexible budgeting is
   a. Multi-activity method
   b. Formula method
   c. Budget cost allowance method
   d. Flexible method

3. Overhead cost variance is the difference between
   a. Recovery overheads and actual overheads
   b. Budget overheads and actual overheads
   c. Budgeted overheads and standard overheads
   d. Recovery overheads and budgeted overheads

4. When fixed cost is Rs 10,000 and P/V ratio is 50% the break- even point will be
   a. Rs 20,000
   b. Rs. 40,000
   c. Rs. 50,000
   d. Rs 45,000

5. Fund flow refers to change in _______Capital
   a. Financial Capital
   b. Working Capital
   c. Cash Capital
   d. All the above

6. In cash flow statement, Cash From operation is equal to
    a. Cash profit of the organization
    b. Net profit plus increase in outstanding expenses
    c. Net profit plus increase in Debtors
    d. Net profit plus increase in Stock
7. Comparison of financial statements highlights the trend of the ______ of the business
    a. Financial Position
    b. Performance
    c. Profitability
    d. All the above
8. In cash flow Analysis, Increase in the amount of bills payable results in
    a. Increase in cash
    b. Decrease in cash
    c. No Change in cash
    d. Decrease in Working Capital
9. In Fund flow Analysis, Commission outstanding is ___ of funds
    a. A Source
    b. Increase
    c. An application
    d. None of the above

10. Ratio of "Net sales" to "Net working capital" is a
    a. Working Capital Turnover ratio
    b. Profitability Ratio
    c. Liquidity Ratio
    d. Debtors Ratio

11. Ratio of Net Profit before Interest and Tax to Sales is:
    a. Operating Profit Ratio
    b. Capital Gearing Ratio
    c. Solvency Ratio
    d. Net Profit Ratio
12. The basic function of Management accounting is to:
    a. Record all business transactions
    b. Interpret the financial data
    c. Assist the management in performing its functions effectively
    d. To advice the management of making profit

SECTION B **5 X 4 = 20 Marks**

Answer any 5 out of 7 questions

Each answer should not exceed 200 words

13. For production of 10,000 Electrical automatic Irons the following are the budgeted expenses:

	Per Unit Rs
Direct materials	60
Direct labour	30
Variable overheads	25
Fixed overheads (Rs.1, 50,000)	15
Variable expenses (Direct)	5
Selling expenses (10% fixed)	15
Administration expenses (Rs.50, 000 rigid for all levels of production)	5
Distribution Expenses (20 % fixed)	5
Total cost of sale per unit	**160**

Prepare a budget for production of 6,000, 7,000 and 8,000 irons showing distinctly Marginal Cost and Total Costs.

14. From the following data which product would you recommend to be manufactured in a factory time being the key factor?

	Per unit of Prod A	Per unit of Prod.B
Direct Material (Rs)	24	14
Direct labour at Re 1 per hour	2	3
Variable Overhead at Rs 2 per hour	4	6
Selling price	100	110
Standard Time to produce	2 hours	3 hours

15. A fertiliser is made by mixing and processing three ingredients P, N and Q.The standard cost date are as follows:

Ingredients	**Standard proportions**	**Standard Cost Rs**
P	50 %	20 per tonne
N	40 %	25 per tonne
Q	10 %	42 per tonne

A standard process loss of 5% is anticipated.

In a period, the output was 93.1 tonnes and the inputs were as follows:

Ingredients	Actual Usage	Actual price	Actual Cost
P	49 tonnes	16 per tonne	784
N	43 tonnes	27 per tonne	1,161
Q	8 tonnes	48 per tonne	384

Calculate all relevant material variances

16. From the following information's find out:
    P/V Ratio, Sales & Margin of Safety
    Fixed Cost = Rs.40, 000
    Profit = Rs. 20,000
    B.E.P. = Rs. 80,000
17. "A fund flow statement is a better substitute for an Income Statement" - Discuss
18. Explain the utility of cash flow analysis?
19. Explain the limitation of Management Accounting?

SECTION C 4 X 7 = 28 Marks

Question No. 20 is compulsory
Answer any 3 out of 5 remaining questions
Each answer should not exceed 500 Words

20. Prepare Cash Budget for the months of May, June and July 2018 from the following:-

Months	Credit Sales Rs	Credit Purchase Rs	Wages Rs	Manuf. Expenses Rs	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

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

21. From the following details prepare statement of Proprietary Funds with many details as possible.

Stock Velocity = 6

Capital turnover ratio (on cost of sales) = 2

Fixed Assets Turnover Ratio (on cost of sales) = 4

Gross Profit Turnover Ratio: 20 percent

Debtors Velocity: 2 months

Creditors Velocity: 73 days

The gross profit was Rs 60,000. Reserves and Surplus amount to Rs. 20,000. Clossing Stock was Rs 5,000 in excess of opening stock.

22. The following budget has been prepared at 70% level of home market:

Units	-	4, 200
Wages	-	12, 600
Materials	-	21, 000
Fixed cost	-	7, 000
Variables cost	-	2, 100
Total	-	42, 700

The selling price in India is Rs. 15. In Sri Lanka about 800 units may be sold only at Rs. 10 and in addition 25 paise per unit will be expenses as freight etc, do you advise trying for the market in the Sri Lanka?

23. Discuss the role and importance of Management Accounting in the efficient working of an Industrial concern

24. "Fund Flow statement presents a decision view of business"-Comment

25. Explain the limitation of Standard Costing?