INDIAN MARITIME UNIVERSITY

(A CENTRAL UNIVERSITY, GOVERNMENT OF INDIA)

M.B.A. (INTERNATIONAL TRANSPORTATION AND LOGISTICS)
DEC '14 / JAN'15 END SEMESTER EXAMINATIONS
III SEMESTER EXAMINATION

COST AND MANAGEMENT ACCOUNTING (CODE: T 1301)

Time: 3 Hrs: MAX MARKS : 60
Date:22-12-2014 Pass Marks : 30

Section –A (12 x 1 = 12 Marks)

Answer ALL the questions. All questions carry equal mark

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

2. 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

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

4. 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

5. Long term solvency is indicated by :

a. Current ratio
b. Debt/ Equity ratio
c. Working capital ratio
d. Net profit ratio

6. Depreciation is included in costs in case of:
   a. Payback Method
   b. Internal Rate of Return
   c. Accounting Rate of Return
   d. Profitability Index

7. From the data relating to four Projects, which project is economically viable:
   a. Project I: Cost Rs.1 00 000; NPV Rs.10 900
   b. Project II: Cost Rs.1 55 000; NPV Rs.15 500
   c. Project III: Cost Rs.1 60 000; NPV Rs.16 600
   d. Project IV: Cost Rs.1 78 000; NPV Rs.17 00

8. 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

9. 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]

10. The cash inflows on account of operations are presumed to have been reinvested at the cut-off rate in case of
    a. Pay back method
    b. Accounting rate of return method
    c. Discount cash flow method
    d. Present value index method

11. Period cost means
    a. Variable cost
    b. Fixed cost
    c. Flexible cost
    d. Prime cost

12. The return after the pay-off period is not considered in case of

a. Pay-back period
b. IRR
c. ARR
d. NPV

SECTION - B (5 x 4 = 20 Marks)

Answer any FOUR questions not exceeding 200 words
All questions carry equal mark

13. Explain the meaning and advantages of flexible Budget.

14. 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**

15. Assuming the cost structure and selling prices remain the same in periods I and II. Find out the P/V Ratio and Break-even Point.

Periods	Sales (Rs.)	Total Cost (Rs.)
I	1,20,000	1,08,000
II	1,40,000	1,24,000

16. 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

17. 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.

18. Discuss the merits and demerits of Cost and Financial accounting

19. What is Comparative financial statement? How are they prepared?

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; All questions carry equal mark

20. Prepare Cash Budget for the months of July, August and September 2013 from the following:-

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

a. Cash balance on 1st July, Rs 12,000
b. Plant costing Rs 16000 is due for delivery in September, payable 10% on delivery and the balance after 3 months
c. Advance Tax of Rs 8000 each is payable in May and August.
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

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

	Variable Cost cost	Fixed
	(% of Sales)	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. Explain how cost accounting helps to eliminate the limitations of financial accounting.
23. Briefly explain the various kinds of budgets.
24. Explain the importance of marginal costing.
25. From the following details prepare statement of proprietary funds with as many details as possible:

i. Stock velocity – 6

ii. Capital turnover ratio – 2

iii. Fixed Asset turnover ratio – 4

iv. Gross profit turnover ratio – 20%

v. Debtors' velocity – 2 months

vi. Creditor's velocity – 73 days

The gross profit was Rs. 60,000. Reserve and Surplus amounted to Rs. 20,000. Closing stock was Rs. 5,000 in excess opening stock.

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