SB1

INDIAN MARITIME UNIVERSITY
(A CENTRAL UNIVERSITY, GOVT. OF INDIA)

SEMESTER- III, SCHOOL OF MARITIME MANAGEMENT– JUNE 2014 EXAMS

COST AND MANAGEMENT ACCOUNTING (T 1301)
(AY 2009-10 to 2012-13 batches only)

Time:- 3 Hrs **Max Marks : 75**
Date: 19.06.2014

SECTION - A (10 X1 = 10 Marks)
Answer all the Questions. All Questions carry equal marks

1. What is the system by which budgets are used as means of planning and controlling all aspects of a business is called
   a) Budgetary Control b) Planning budget c) Master budget d) Flexible budget

2. Which is a budget designed to furnish budgeted costs for any level of activity actually attained.
   a) Master Budget b) Flexible Budget c) Cash Budget d) Production cost Budget

3. Variance is the difference between standard performance and ________performance
   a) Budgetary performance b) Variance c) Actual d) Recovered

4. When Revision variance is the difference between standard cost and ________
   a) Actual Cost b) Variance cost c) Material cost d) Revised Standard Cost

5. A technique under which the cost of a product is determined after considering both fixed and the variable costs is called
   a) Break even analysis b) Break even chart c) Absorption Costing d) None of the above

6. A technique in which only costs and income differences between alternative courses of action are taken into consideration is called
   a) Differential costing b) Marginal costing c) Standard costing d) None of the above

7. All of the following influence capital budgeting cash flow except
   a) Accelerated depreciation b) Salvage Value
   c) Tax rate changes d) Method of project financing used

8. If capital is to be rationed for only the current period a firm should probably first consider selecting projects by descending order of ______
   a) Payback period b) Profitability index c) Internal rate of return d) Net present value

9. Managerial accounting information
   a. Relates to the entity as a whole and is highly aggregated
   b. Relates to sub-units of the entity and may be very detailed
   c. Is prepared only once a year
   d. Is constrained by the requirements of generally accepted accounting principles

10. Management accounting is applicable to
a) Service entities b) Manufacturing entities c) Non-profit entities d) All the above

SECTION - B (5 X5 = 25 Marks)

Answer any FIVE questions not exceeding 200 words. All questions carry equal marks

11. From the following information Calculate the material mix variance

Material	Standard Quantity	Actual Quantity	Price per Unit Rs.
X	50	45	14
Y	40	35	12
Z	30	40	11

Due to shortage of X it was decided to reduce its consumption by 10 and increase the consumption of Y and z by 6 and 4 respectively.

12. A company has fixed expenses of Rs 90,000 with sales at Rs 3,00,000 and a profits of Rs 60,000 Calculate the profit volume ratio. If in the next period, the company suffered a loss of Rs 30,000 Calculate of sale volume, calculate margin of safety for a profit of Rs 60000

13. Cash flows for two mutually exclusive projects are shown below:

year	CF_M	CF_N
0	(100)	(100)
1	10	70
2	60	50
3	80	20

Both projects have a cost of capital of 10%.

a. Calculate the payback for both projects. b. Calculate the NPV for both projects.

14. Explain the objectives of cost accounting?

15. Explain the significance of cash budget in ports?

16. Write short notes no disposal of variances

17. Explain the significance of turnover ratios.

SECTION - C (4 X10 = 40 Marks)

Answer question no.18 (compulsory) and Answer any THREE questions of remaining five questions. All questions carry equal marks. Answer should not exceeding 500 words.

18. ABC ltd have prepared the budget for the production of a lakh units of the commodity manufactured by them for a costing period as under

		Rs.
Raw material		2.52 per unit
Direct material		0.75 per unit
Direct Expenses		0.10 per unit
Works Overhead	(60% Fixed)	2.50 per unit
Administration Overhead	(80% fixed)	0.40 per unit
Selling Overhead	(50% Fixed)	0.20 per unit

The actual production during the period was only 60000 units. Calculate the revised budgeted cost per unit.

19. One kilogram of Product K requires two chemicals A & B. The following were the details of product K for the month of June:

    Standard mix Chemical A 50% and Chemical B 50%

    Standard price per kilogram of chemical A Rs 12 Chemical B Rs 15

    \Actual input of Chemical B 70 kgs

    Actual price per kilogram of Chemical A Rs 15

    Standard normal loss 10% of total input

    Materials cost variance total Rs 650 adverse

    Materials yield variance total Rs 135 adverse

    You are required to calculate

    i. Material mix variance total
    ii. Material usage variance total
    iii. Material Price variance total
    iv. Actual loss of actual input

20. A Private port has made plans for the next year. It is estimated that the company will employ total assets of Rs 8,00,000. 50% of the asset being financed by borrowed capital at an interest cost of 8% p.a. the direct cost for the year are estimated at Rs 480,000 adn all other operating expenses are estimated at Rs.80,000. The goods will be sold to customers at 150% of the direct costs. Tax rate is assumed to be 50%.

    i. Calculate Net profit margin/NP ratio
    ii. ROA
    iii. Assets turnover ratio
    iv. Return on owners equity(return on shareholders' fund)

21. Discuss the factor which may limit the use for marginal costing

22. Enumerate the various factors which should considered while preparing the sales budget and production budget.

23. Explain different methods, systems and techniques of costing?

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