INDIAN MARITIME UNIVERSITY
(A Central University, Govt. of India)

Third Semester- MBA(ITL)
December 2015 End Semester Examinations

Cost and Management Accounting
Subject Code: PG22T1301

Time : 3 hrs
Date: 08.12.2015

Max.Marks :60
Pass Marks: 30

Section – A (MCQ)
Answer all the questions (12x1Marks = 12 Marks)

1. 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

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. An organized creative approach which emphasizes efficient identifi ation of unnecessary cost is known as
   a. Value analysis
   b. Quality costing
   c. Zero-based budgeting
   d. Activity based costing

4. The term Fixed assets includes
   a. Stock –in- Trade
   b. Furniture
   c. Payment in Advance
   d. Bank Balance

5. When Sales are Rs 9.00 lakhs, fixed cost Rs 1,80,000 P/V ratio 33.33% the amount of profit will be:
   a. Rs 3,00,000
   b. Rs 1,20,000
   c. Rs 1,80,000
   d. None of the above

6. Contribution margin is also known as
   a. Marginal Income
   b. Gross Profit
   c. Net Profit
   d. Net Revenue

7. While evaluating capital investment proposals, the time value of money is considered in case of
   a. Accounting rate of return method
   b. Discount cash flow method
   c. Pay back method
   d. Average profit method

8. In make or buy decision, the relevant costs include
   a. Avoidable fixed costs plus fixed manufacturing costs
   b. Variable manufacturing costs plus total fixed costs.
   c. Variable manufacturing costs plus unavoidable fixed costs.
   d. Avoidable fixed costs plus variable manufacturing costs.

9. Direct Material Price Variance is computed by multiplying the :
   a. Standard rate with difference between standard quantity and actual quantity of materials.
   b. Actual quantity with the difference between standard rate and actual rate.
   c. Actual rate with the difference between standard quantity and actual quantity of materials.
   d. Standard quantity with difference between standard rate and actual rate.

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

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

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

Section – B (200 Words)

Answer any 5 out of 7 (5x4 Marks=20 Marks)

13. Discuss the merits and demerits of Cost 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 (i) Material Cost variance , (ii) Material price variance and Material usage variance:

Quantity of Material purchased	3,000units
Value of materials purchased	Rs. 9,000
Std. quantity of material required per tonne of finished product	25 units
Std. rate of material	Rs. 2per unit
Opening stock of material	Nil
Closing stock of material	500 units
Finished production during the period	80 tonnes

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

Period 1	Sales	Rs.60,000	Profit	Rs.6,000
Period 2	Sales	Rs.90,000	Profit	Rs. 12,000

What would be the trading result with sales of Rs. 54,000? What amount of sales will yield a profit of Rs. 15,000?

18. A Limited company is considering two projects Exe and Wye each costing Rs. 20,000. The net cash flows from the projects are as follows:

Year	1	2	3	4	5	6
Project Exe (Rs.)	10000	8000	6000	2000	-	
Project Wye(Rs.)	2000	4000	6000	8000	8000	9000

The company has fixed three years as the cut – off period. State which project should be accepted under the payback period method?

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 (500 Words, Case Study/ Essay Type)

First question of the section is compulsory (1x7Marks=7Marks)

Answer any 3 out of 5 (3x7 Marks=21 Marks)

20. From the following information Calculate P/V ratio, BEP (Sales), BEP (units), Margin of safety and also profit when sales is 25,000 units.

Sales 8,000 units

Selling Price Rs 200.00

Variable Cost

Material	Rs 25 per unit
Labor	Rs 30 per unit
Overheads	Rs 10 per unit
Fixed Cost	Rs.6, 00,000

21. Explain how cost accounting helps to eliminate the limitations of financial accounting.
22. Briefly explain the various types of budgets.

23. The details regarding the composition and the weekly wage rate of labour forces engaged on a job scheduled to be completed in 30 weeks are as under:

Category of workers	Standard		Actual	
	No.of labourers	Weekly wage rate per labourer	No. of labourers	Weekly wage rate per labourer
Skilled	75	120	70	130
Semi- skilled	45	100	30	110
Unskilled	60	90	80	80

The work is actually completed in 32 weeks. Calculate DLVC,DLRV,DLEVand DLMV.

24. With the following ratios and further information given below, find out (1) cost of sales, (2) Gross Profit (3) Sales (4) Net Profit (5) Amount of capital (6) Value of Current Assets and (7) Amount of Liability.

Gross profit ratio	25%	Fixed assets/capital	5/4
Net profit / sales	20%	Fixed assets/ total current assets	5/7
Stock- turnover ratio	10	Fixed assets	10,00,000
Net profit/capital	1/5	Closing stock	1,00,000
Capital to Total Liabilities	½		

25. Prepare Cash Budget for the months of May, June and July 2014 from the following:-

	Credit	Credit	Wages	Manufacturing	Office	Selling

Months	Sales Rs	Purchase Rs	 Rs	expenses	Expenses Rs	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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